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Alfonsin Is Sworn In, Ending Rule by Military in Argentina

By Edward Schumacher
New York Times Service

BUENOS AIRES — Raúl Alfonsín was inaugurated president of Argentina on Saturday amid joyous celebrations marking the end

of nearly eight years of military rule.

More than 100,000 Argentines poured into the streets to cheer the 56-year-old political moderate. Waving flags and wearing white

berets, a symbol of Mr. Alfonsín's Radical Party, the crowds rained confetti on the president as he tramped from his swearing-in before Congress to the presidential palace.

Argentines later packed the two-block Plaza de Mayo and spilled far down side streets. They chanted "Alfonsín!" as the president addressed them from a wrought-iron balcony of the Cabildo, the white-washed colonial-era city hall.

Calling himself "the most humble of Argentines," Mr. Alfonsín said: "We know that these are hard and difficult moments, but we do not have a single doubt."

"We will go forward," he said. "We will become the country that we deserve."

The return of democracy in Latin America's third largest nation attracted an assembly of foreign dignitaries and they, too, appeared to be moved by the occasion.

"There is something in the air, something vital and vibrant, strong," said U.S. Vice President George Bush. "Maybe I am just fired up by the majesty of the moment, but this election, this swearing-in, signals a new era for Argentina."

Among the European heads of government in attendance were Prime Minister Bettino Craxi of Italy, Prime Minister Felipe González of Spain and Prime Minister Mário Soares of Portugal.

Those attending from Latin America included Presidents Belaúnde Terry of Peru, Osvaldo Hurtado Larrea of Ecuador, Luis Alberto Monge of Costa Rica, and Hernán Siles Zuazo of Bolivia, as well as Daniel Ortega Saavedra, coordinator of the Nicaraguan junta, and General Oscar Mejía Victores, the Guatemalan leader.

At the invitation of Mr. Alfonsín, opposition leaders from Chile, Uruguay and Brazil attended alongside the military-government delegates.

Mr. Alfonsín replaces a military government that seized power in a coup on Aug. 24, 1976, overthrowing President Isabel Perón at a time of rampant terrorism and economic chaos. In the military crackdown, more than 6,000 people disappeared and presumably died.

The military moved toward elections last year after Argentina's defeat by Britain in the Falkland Islands war and economic problems, including a \$40-billion foreign debt and an inflation rate of well over 600 percent in recent months.

In the October elections, Mr. Alfonsín upset the Peronists, handing them their first presidential defeat since the 1940s. Mrs. Perón, who

(Continued on Page 2, Col. 6)



Lech Wałęsa's wife, Danuta, and their oldest son, Bogdan, displayed the Nobel Peace Prize diploma and gold medal they accepted on his behalf at ceremonies Saturday in Oslo.

Hard-Line U.S. Tactics on Arms Control Appear to Produce Few Positive Results

By Hedrick Smith
New York Times Service

WASHINGTON — A central axiom of the Reagan administration has been that the best way to press the Soviet Union into reasonable compromises on arms control is to build up U.S. strategic nuclear forces vigorously and push ahead with missile deployments in Western Europe.

Eventually this strategy may pay off. But for the moment the evidence is to the contrary. Rather than adopting a more flexible and

moderate position, the administration has said it will see an incentive to negotiate a verifiable agreement establishing equal, lower levels."

But Marshall Shulman, the ranking Soviet specialist in the State Department under Presidents Jimmy Carter and now director of Columbia University's Harriman Institute for Advanced Study of the Soviet Union, disagrees.

"The administration's assumption that by the military buildup they were going to make the Soviets more malleable is dead wrong," he said. "It will have the exact opposite effect."

"Rather than bringing the Soviet to a more flexible position, the administration's big military buildup and new weapons systems will have the effect of producing a further Soviet military buildup," Mr. Shulman said. "I think we will see the effects soon. At the Soviet Central Committee plenum this month we're likely to see an annual economic plan for 1984 that provides for a further increase in Soviet military expenditures."

In Congress, even normally pro-administration Republicans are fearful that the hiatus in the main arms talks has caused the rupture of the most important regular channel of communications with the Soviet leadership outside of normal embassy contacts.

"I feel pretty depressed about it," said Senator Charles McC. Mathias Jr., a moderate Maryland Republican. "It appalls me that our best channel of communication is now suspended."

There are other consequences of the emphasis on military issues. Except for a new five-year grain agreement, most other aspects of Soviet-U.S. relations are stalled: scientific exchanges, many trade matters, talks on new cultural exchanges or opening of new consulates, and high-level diplomatic meetings.

Some academic and congressional specialists contend that administration moves, such as developing an array of new strategic nuclear weapon systems, deploying missiles in Western Europe, and moving U.S. marines into the Middle East not far from Soviet troops in Syria, have pushed military competition, rather than trade or diplomacy, to the forefront of Soviet-U.S. relations.

With the Soviet leadership apparently involved in another delicate period of political transition brought about by the uncertain health of the Soviet leader, Yuri V. Andropov, this emphasis in Soviet-U.S. relations gives the Soviet military hierarchy more influence within the Kremlin, many specialists suggest.

"We desire unity, we work for unity, without letting ourselves get discouraged by the difficulty we encounter along our way," he said. The white-robed pontiff, without his mitre, the symbol of the papacy, was greeted as the bishop of Rome by Christophe Meyer, pastor of Rome's Evangelical Lutheran

churches, at the building finished in 1922, on Via Toscana just off the fashionable Via Veneto.

Together they joined the congregation in reciting a prayer written by Luther for Christian unity.

The papal visit has caused some controversy among Protestants, which prompted Mr. Meyer to say in a press conference earlier that it

President Raúl Alfonsín and former President Isabel Perón of Argentina exchanging greetings after Mr. Alfonsín was sworn in, marking a return to democracy in the nation.

Britain Seeking to Improve Relations With Argentina

Reuters

LONDON — The British government said Sunday that it wanted to begin restoring ties with Argentina but repeated its determination not to discuss sovereignty of the Falkland Islands, over which the two countries fought a 74-day war last year.

Sir Geoffrey Howe, the foreign secretary, said that Britain wanted to use an exchange of messages with the new civilian government in Argentina as a stepping stone in moves toward a further thaw in relations.

"I hope," Sir Geoffrey said, "that as each country looks at the question, it will be possible for us to identify areas where negotiations on issues that really can be talked about at this stage, which include diplomatic relations and economic and commercial relations, can be carried on."

Prime Minister Margaret Thatcher sent Argentina's new government a message, through a Swiss intermediary, signaling a desire for formal ties despite the dispute over the Falklands, which Argentina calls the Malvinas.

"Our real objective and our real policy," Sir Geoffrey said, "is to find ways of restoring relationships between ourselves and the Argentines, gradually, step by step, and her message yesterday is a part of this process." He described Mr. Alfonsín's reply, in which the Argentine leader noted that "where there's a will, there's a way," as a good start.

Marines Issue Is Risky for Reagan and Democrats

By Sandy Abramson
Washington Times Service

WASHINGTON — As Democratic Party rallies, the applause is long and loud when President Ronald Reagan is denounced for sending U.S. marines into Lebanon, to a nation seemingly so hopeless as is dangerous.

It is louder when the demand is made that the troops be pulled out of Beirut International Airport and rough home and when Senator George F. Mitchell of South Carolina, one of eight Democrats seeking a 1984 presidential nomination, declares: "If they have been sent here to fight, there are far too few, they have been sent there to die, we are far too many."

If the Democratic candidates agree on anything, it is that the United States has drifted into a war in the Middle East that it did not want. But they realize that the issue carries political dangers for them as well as Mr. Reagan and that, for now, the president has the upper hand.

Strategists in both parties agree that U.S. involvement in Lebanon, which began 14 months ago with

the U.S. participation in the multinational peacekeeping force and escalated on Dec. 4 with U.S. air strikes against Syrian positions, could be an "Achilles heel" in Mr. Reagan's 1984 re-election campaign.

Mr. Reagan's campaign chairman Senator Paul Laxalt of Nevada, expressed his uneasiness, saying that "it would have to be a political negative" if the marines are still being shot at by snipers next fall.

Democratic strategists, for their part, see potential damage to both Mr. Reagan and the Democrats. Americans tend to support any president when U.S. troops are involved in hostilities, they note, and presidential contenders run as if they appear to be seeking political gain from a military crisis.

The caution of Mr. Mondale and Mr. Glenn reflects an appreciation that, although Mr. Reagan must take responsibility for the predicament in Lebanon, he is the only person in a position to change it.

In fact, one Democratic campaign official said, "Democrats don't really know what to propose as an alternative because they don't know what Reagan might do."

Official Denies Discord

Deputy Secretary of State Kenneth Dam denied a report Sunday that most of Mr. Reagan's aides were convinced that the marines should be pulled out of Lebanon by June, no matter what happens, The Associated Press reported from Washington.

On the CBS program "Face the Nation," Mr. Dam said: "Of course, we'd like the marines out by June; we'd like them out sooner."

But he said that "the president laid all such speculation to rest" in a radio address Saturday when he said that the marines would leave Beirut "once internal stability is established and withdrawal of all foreign forces is assured."

Mr. Glenn faults the administration for expanding U.S. objectives, once sharply limited, to what he said a dangerous political commitment to preserving the government of President Annem Gemayel and the present Lebanese borders.

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was greeted as the bishop of Rome by Christophe Meyer, pastor of

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A Trove of Cuban Cigars Draws Gasp in New York

Smoke, and Tears, in Their Eyes, Aficionados Bid on 200,000 Havanas

By William E. Geist
New York Times Service

NEW YORK — "This," said George Warner, standing before an altar of golden cigar boxes containing what he considered ambrosia of the islands, "is a religious experience."

All those who beheld the trove of 200,000 Cuban cigars, the first of the legendary cigars available in this country since a 1961 embargo against Cuba, said they could not be moved.

"King Fidel Castro's takeover of Cuba in '61" Reiss seemed suddenly close to tears. "He wonderful cigars," he said, shaking his head.

"I never thought that these Cuban cigars were brought into Spain before the Cuban revolution," Reiss said. "Now they could be sold in the United States unless one is returning directly to Cuba, in which case a maximum of 100 Cuban cigars may be brought in."

"At the preview on Thursday, 30-year-old cognac was served as prospective buyers puffed away on complimentary Ultimate President ci-

gars from Honduras, which were said to be the finest available until the auction. The band played "Smoke Gets in Your Eyes."

Clouds from dozens of cigars billowed toward the 30-foot ceilings in the mahogany Clark Room.

"I'm nauseous," said a woman, who sat on a couch in the hallway and threatened to ask one of the blonde models passing cigars for a gas mask.

Everyone else seemed to be having a grand time, away from nonsmokers who criticize them in airplane restaurants, buses, elevators and other enclosures. One man said taxi drivers would not pick him up when he had a cigar in hand.

The smokers discussed the smuggling of Cuban cigars, telling of purchasing them legally, but at very high prices in other countries on business trips and vacations and then returning with them to the United States, which is illegal.

The smokers agreed that this would probably be the last such sale until normal trade relations with Cuba were resumed, a day prayed for by cigar smokers.

"Invading Grenada was a very bad move," said Mr. Warner.



Lew Rothman, president of J-R Tobacco Corp., displays a box of the first Cuban cigars to be sold legally in the United States since a 1961 trade embargo against the Castro regime. The cigars, exported to Spain before the Cuban revolution, were auctioned in New York.

Algeria	4.63 Dr.	Iceland	15.000	Morocco	6.00 N.D.
Austria	5.75 Dr.	India	1200 L.	Norway	7.00 N.D.
Bahrain	5.00 Dr.	Jordan	450 F.	Peru	7.50 N.D.
Bangladesh	37.45 Fr.	Korea	500 F.	Portugal	6.50 N.D.
Canada	C\$ 1.10	Kuwait	500 F.	Russia	6.00 N.D.
Cyprus	\$25 MB	Lebanon	12.50	Saudi Arabia	7.50 N.D.
Danmark	7.00 DKK	Malta	1.00 D.	Singapore	4.00 S.K.
Finland	6.00 FM	Malta	80 D.	Turkey	2.00 D.M.
France	5.00 F.	Malta	35 Cent.	U.S.A.	4.50 D.M.
Germany	2.20 DM	Morocco	5.00 D.	Venezuela	1.00 D.M.
Great Britain	4.00 P.	Morocco	5.00 D.	Yugoslavia	1.00 D.M.
Greece	4.00 Dr.	Netherlands	2.50 D.		
Iraq	115 D.	Portugal	1.00 D.		

Wałęsa Appeals For Dialogue in His Nobel Text

By Peter Orosz
Washington Post Service

OSLO — Lech Wałęsa, the leader of the banned Solidarity trade union movement, strengthened his appeal for a political dialogue with Polish authorities Sunday, declar-

ing a gesture of special respect from the audience, that greeted it.

The lecture traditionally is read the day after the award presentation. On Saturday, in a ceremony attended by King Olav V. Mrs. Wałęsa accepted the prize for her husband and reaffirmed Solidarity's commitment to "the noblest aspirations of humanity."

"We desire peace," she said, speaking with quiet composure, "and that is why we have never resorted to physical force. We crave justice, and that is why we are so persistent in the struggle for our rights. We seek freedom of conviction, and that is why we have never attempted to enslave man's conscience."

Mr. Wałęsa, in recent interviews in Poland and in the statements offered here, has adopted a tone of philosophic statesmanship in seeking to pressure the authorities to reopen contact with his officially banned union movement. His call last Monday for the United States to end economic sanctions placed him in accord with the government on that issue, and he implicitly reiterated the message Sunday.

"My country is in the grips of a major economic crisis," his statement declared. "This is causing dramatic consequences for the very existence of Polish families. A permanent economic crisis

ART BUCHWALD**Typical Washington Fan**

WASHINGTON — The phone rang the other day, and a sportswriter from Dallas asked me a strange question.

"Why do the people in Washington hate the Dallas Cowboys?"

"Where on earth did you get that idea?" I asked. "There isn't a team in the National Football League whom we hold in higher esteem and affection."

"That isn't what we read in the newspapers down here," he said.

"Don't believe everything you read in your own papers," I told him. "How can we hate America's Team?" They represent all that is good about this country. They are a credit to their state. I have never heard a harsh word spoken against Dallas by a Redskin fan."

"Does that mean you've never been to a Dallas-Redskin game in Washington?" he asked.

"Of course I have. But we cheer equally for both teams. Redskin fans are only interested in seeing a good football game. When it comes to playing the Cowboys the score is immaterial to us."

"Are you putting me on?"

"Why would someone from Washington be to a Dallas sportswriter?" I said. "You have to understand the nature of Redskin supporters. We're different from Cowboy fans. Although we like to win, we don't consider it a matter of life and death. Our hearts go out



Buchwald

to the other team if they fumble the ball or their quarterback is sacked. This is especially true when we play Dallas. We have nothing but pity for them and we don't want them to get out of football just because of us."

"Are you trying to tell me the Dallas-Redskin meeting isn't the most important game of the year?"

"Don't make me laugh," I told him. "As far as we people in Washington are concerned it doesn't compare to facing a real team like Tampa Bay or the Houston Oilers. The truth is we try to keep our first stringers on the bench so we won't run up the score."

"Am I really talking to Washington, D.C.?"

"You certainly are and I'm privileged to have this opportunity to dispel once and for all the rumors that there is any ill feeling between the Redskins and the Cowboys. After all, we both live in the same world and we don't have time for animosity when it comes to a silly gridiron contest. There is no room in a Redskin's heart for hate. We love Dallas, we love the Cowboys and we worship the Astro turf you walk on."

"Suppose I told you that the Cowboys are determined to beat your brains out."

"If you feel that strongly about it, we'll just turn the other cheek."

"I know it's difficult for people in Texas to understand Redskin fans. But most of us were brought up in the Quaker tradition. You can't provoke us by stirring up a rivalry that will only lead to bad feelings between two nice football teams."

"I can't print this garbage in a Dallas newspaper."

"I don't see why not. It would lead to better understanding between mankind."

"I'm talking about a football game that could decide the Super Bowl," he said.

"And I'm talking about the brotherhood of man," I told him. "We're not savages in Washington who lust for victory from a Third World football power."

"Do you realize I have no column for Sunday if I print what you just told me?" he yelled.

I said, "You don't, but I do."

Cornell Medical College Gets \$50-Million Gift

The Associated Press

NEW YORK — Cornell University has received an endowment estimated at \$50 million for its medical college, one of the biggest gifts ever bestowed on an institution of higher learning. President Frank H.T. Rhodes announced Thursday.

The gift, from a donor who wished to remain anonymous, will provide the college with \$3 million a year in perpetuity.

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AMERICAN TOPICS

Baby Boom Attitudes**Tend to Be Traditional**

They oppose wider sexual freedom, and the use of marijuana, favor a strict upbringing for children, and welcome traditional family ties and more respect for authority. They're a majority of the baby boom generation, born between 1946 and 1964, and a new public opinion survey shows that they're much more traditional than many Americans think.

However, the survey, released by the American Council of Life Insurance and the Health Insurance Association, showed that the baby boom generation departs from its parents' conventional values in important ways. Most disagreed with the concept that "a woman's place is in the home," and a majority said it was for an "equal" marriage in which the spouses share work, child-rearing and homemaking responsibilities. About 56 percent of this group, which includes one of every three Americans, approved of unmarried couples living together.

The report predicted that the lives of this generation, now aged 19 to 37, "with respect to marrying and having children, will closely resemble earlier generations." Many are marrying later and having fewer children than their parents, it said. "But there is little evidence they are rejecting these societal institutions as part of their life cycle."

The report was based on a telephone survey of 1,000 people by National Research Inc.

Catholics Are Facing A Shortage of Priests

The shortage of Roman Catholic priests in the United States is likely to grow as seminary enrollment decline and priests who entered the church in the 1960s drop out in sizable numbers.

By the year 2000, a conference on church vocations was told, the current total of nearly 58,000 priests will be halved and most of the remaining priests will be 60 or older. Bishop Thomas J. Murphy of Great Falls-Billings, Montana, said he already has had to consolidate city parishes into "clusters" to provide priests even occasionally for rural congregations.

The number of young men entering Catholic seminaries has dropped from 43,000 in 1962 to 12,054 this year. At the

same time, overall church membership is climbing, and Protestant seminaries are flourishing.

The Rev. Richard P. McBrien

of the University of Notre Dame at Notre Dame, Indiana,

said that behind the Catholic shortages "must be factors peculiar to Catholicism and to the Catholic priesthood as presently structured."

Research com-

missioned for the conference cited five such factors: celibacy, the exclusion of women from the priesthood, the lifetime commitment, a life-style and manner of dress setting one apart from society, and little or no opportunity for economic advancement.

Also, William C. McCready, program director of the National Opinion Research Center, said that many Catholic women are angry with their church because of its limited roles for women and aren't encouraging their children to choose it as a vocation. The conference, held in Chicago, was sponsored by the Washington-based Foundation and Donors Interested in Catholic Activities, Inc., a small research organization that gives advice on philanthropy to wealthy Catholics.

Notes on People

With Howard H. Baker Jr. of Tennessee planning not to run for re-election next year, Republican senators are jockeying

for the position of floor leader.

Among the most visible is Robert J. Dole of Kansas, whose qualifications include his party's nomination for vice president and a reputation as one of

the best speakers in the Senate.

For the position of floor leader,

the Senate is looking to Senator Robert J. Dole

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Reagan Says Up to 1,000 Are Trained for Suicide Bombings in Lebanon

By Lou Cannon
and Juan Williams
Washington Post Service

WASHINGTON — President Ronald Reagan has said that up to 1,000 terrorists, many of them Iranians, are grouped in Lebanon to conduct suicide-bombing attacks similar to the one Oct. 23 in Beirut that killed 239 U.S. marines.

Mr. Reagan made the comment Wednesday at a closed meeting of Citizens for America, a staunchly pro-Reagan political action group.

White House officials confirmed Friday that a "substantial" number of terrorists had been trained to conduct such attacks in Lebanon. One likened them to Japanese kamikaze pilots who dove their planes into U.S. ships in World War II.

Some of the Reagan supporters who attended the meeting left with the impression that the president was talking about the possibility of suicide-bombing attacks in the United States. This was apparently because Mr. Reagan had been asked about the dangers of a bomb attack at the U.S. Capitol when he gives the State of the Union address next month.

The president never answered this question directly, and a tape of the meeting seems to show that he was talking about possible future suicide bombings in Lebanon.

Israel Refuses Guarantee For Arafat Evacuation

Reuters

JERUSALEM — Israel said Sunday that it would not give guarantees of safe passage to Yasser Arafat and his 4,000 loyalist Palestinian guerrillas when they are evacuated from the Lebanese port of Tripoli.

Asked if Israel would prevent Mr. Arafat, chairman of the Palestine Liberation Organization, and his men from leaving the besieged port, the cabinet secretary, Dan Meridor, said: "Israel is not going to answer that question."

Speaking after the weekly cabinet meeting, Mr. Meridor condemned the decision by the United Nations to allow its flag to be flown on ships in the evacuation.

Greece, which had offered to transport the Palestinians from Lebanon, where they are surrounded by Syrian-backed PLO dissidents, had asked Israel for guarantees that its ships would not be attacked.

Mr. Meridor said Israel would provide no such guarantee.

Ariel Sharon, minister without portfolio, said last week that Mr. Arafat should not be let out of Tripoli alive because it would lead to a reconstitution of the splintered PLO.

But Western diplomats have said that it would be unthinkable for Israel to attack a foreign vessel flying a UN flag. They said Israel clearly wanted to keep Mr. Arafat and the world guessing to express anger over the UN decision.

A senior Israeli official, who asked for anonymity, said Sunday: "We wouldn't declare war on the UN or Greece."

He said Israel did not want Mr. Arafat to stay in Tripoli because it

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Shultz Makes Stiff Defense Of Israel Tie

Public Rebuke by Arabs Elicits Blunt Response

By Don Oberdorfer
Washington Post Service

However, an official said that recently increased security at the White House, including use of dirt-filled dump trucks and concrete barriers, although not directly related to the suicide-bombing threat, "was taken in this context."

Asked at the meeting about the danger of a bomb attack during the State of the Union address, Mr. Reagan replied that he shared his listeners' concern about security.

"I tried it the other way once outside the Hilton Hotel," he said, referring to the attempt on his life in March 1981. "I didn't like it."

When asked about the suicide attack on the U.S. compound in Beirut, Mr. Reagan replied:

"We have information right now that they have marshaled a force, particularly of Iranians in Lebanon, that numbers up to 1,000, who are all willing to sacrifice their lives in a kamikaze attack."

At the time of the attack on the marines, Secretary of Defense Casper W. Weinberger said "circumstantial evidence" linked Iranians to the bombing. Officials said they based this assessment on observation of Iranian activities in Beirut soon after the bombing.

A principal suspect in the assault is a radical Lebanese Shiite Moslem splinter group headquartered in the Bekaa region of eastern Lebanon, which is controlled by Syrian forces.

His toughest trials came Saturday in Tunisia, where Mr. Shultz encountered what he called "an earful" of extremely blunt official criticism as well as strong denunciations of the United States in the local press.

His private meeting Sunday with King Hassan II of Morocco was held in an atmosphere that a senior U.S. official called "less strident" than that in Tunisia, but there was major concern on both sides. The official said King Hassan offered "constructive suggestions" about how American problems could be dissolved or minimized. "Nobody disclosed the contents of the suggestion.

The perceptions and emotions in this part of the Arab world about U.S. policy, and Mr. Shultz's responses, were displayed in capsule form in Mr. Shultz's exchange with a Moroccan reporter at a press conference.

How do you find the reaction in the Arab world, the reporter asked, to the recent U.S. "strategic cooperation treaty" with Israel?

Mr. Shultz responded sharply that he wished someone would show him a copy because "there wasn't any treaty signed." He went on to restate the past, present and future strength of U.S. relations with Israel as he has done repeatedly during the trip.

He added that during the visit to Washington two weeks ago of Prime Minister Yitzak Shamir of Israel a great many things were discussed, including military and economic matters and "the buildup of Soviet arms in Syria."

An agreement between the United States and Israel was reached on early afternoon sniping in the southern suburbs where the Lebanese Army is facing the Shiite Moslem Amal militia, and developed into duels with heavy weapons.

One civilian was wounded by sniper fire and a soldier was wounded as seven shells and about 30 rocket-propelled grenades hit army positions, the radio said.

Despite the clashes, the semi-official television said a security committee charged with reopening Beirut International Airport would meet Monday for the first time in more than a week.

The representative of the Shiite Moslem militia Amal has boycotted committee sessions for a week in protest the alleged abduction of Shiites on the coast road south of Beirut.

The committee, which groups the army, the Druze party, Amal and the rightist Christian Lebanese Forces, was set up in September to stabilize the Saudi-mediated ceasefire that ended a three-week war in Lebanon's central mountains.

One of its tasks is to ensure the safety of the airport, closed since the beginning of December when anti-government forces shelled Lebanese Army positions there.

The new ceasefire was arranged in Damascus under Syrian auspices and security sources said the consultations had produced an "integrated security plan" under which the Lebanese Army and gendarmerie would move into areas now under the control of unofficial militias.

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30,000 Protest Missiles At U.S. Base in England

W. German Demonstrations Continue

After Frankfurt Rally Turns Violent

Compiled by Our Staff from Dispatches
GREENHAM COMMON, England — Police and troops struggled Sunday with women protesters who stormed a U.S. Air Force base in the biggest demonstration since the arrival of U.S. cruise missiles last month.

There were also demonstrations over the weekend in West Germany, the Netherlands and Italy. In West Germany, 14 police officers were hurt Saturday and hundreds of demonstrators arrested in violent protests against the deployment of Pershing-2 missiles.

Police in England said about 50 women had been arrested outside the Greenham Common base, 40 miles (64.5 kilometers) west of London. One policeman was reported injured.

A crowd of demonstrators, estimated at 30,000 by organizers and 50,000 by police, surrounded the base. The demonstrators, nearly all of them women, tore its fence down in several places, but police said none of the protesters came close to sensitive areas of the base.

The protest marked the fourth anniversary of the NATO decision to deploy U.S. medium-range missiles in Europe to offset Soviet missiles, and followed by one day the screening in Britain of the U.S. television film "The Day After," which depicts the effects of a nuclear attack.

In West Germany on Sunday, anti-nuclear demonstrators besieged two U.S. Army bases they say are sites for assembly of the Pershing-2 missiles.

Police said that a few hundred people joined demonstrations at a base in the Frankfurt suburb of Hauzen and at Mulfingen, about 130 miles to the south.

Sunday's demonstrations were peaceful. But in a series of confrontations Saturday, police battled stone-throwing demonstrators in several West German cities. Fourteen policemen and an undetermined number of demonstrators were injured and more than 200 protesters arrested.

The violence Saturday in West Germany appeared to confirm reports that, after two years of mostly peaceful actions by West Germans' anti-nuclear movement, advocates of a tougher line may be gaining influence.

The worst incidents Saturday occurred in Frankfurt, where protesters fired flare pistols and threw stones at police for two hours outside the U.S. Army facility.

Frankfurt police officials said that 13 officers were injured in the running street battle there, one of the most violent incidents of the anti-nuclear campaign. Police used water cannon to disperse the demonstrators and arrested 90 of them.

In Stuttgart, one police officer was hurt and 129 protesters detained during an attempted blockade of the U.S. Military European Command Headquarters.

The largest demonstration Saturday occurred near the U.S. Army base in Mulfingen, where hundreds of the estimated 5,000 protesters briefly broke through police barricades but were contained well short of the base's main gates.

There were other demonstrations Sunday in nations which are to deploy the U.S. missiles.

In Woerdenrecht, the Netherlands, about 100 demonstrators broke into a Dutch air force base Sunday, but left an hour later, police said. There were no arrests.

In Italy, more than 23,000 people marched Saturday in three separate demonstrations in Florence, Milan and the northern province of Bolzano to protest the missile buildup by the United States and the Soviet Union. No incidents or arrests were reported.

In Britain, following the broad-



Paul H. Nitze

Nitze Sees Soviet Return To Strategic Arms Talks

Reuters

HAMBURG — A veteran U.S. arms negotiator predicted in an interview published in the magazine *Der Spiegel* that the Soviet Union would return to the negotiations on limiting intercontinental nuclear weapons with the United States in Geneva.

Paul H. Nitze, the chief U.S. negotiator at the parallel talks on limiting intermediate nuclear weapons, said in the interview published Friday that he believed that Soviet leaders would set a resumption date "as soon as they have squeezed every imaginable psychological advantage that they think they can get from their withdrawal from Geneva."

Moscow refused to set a date for resuming the talks when both sides adjourned for Christmas on Thursday, despite U.S. pressure to come back in February.

Mr. Nitze's remarks came as the editor of *Pravda* said in an interview published in Tokyo that Moscow intended to resume the strategic arms talks with Washington.

The *Pravda* editor, Viktor Afanasyev, said that in a new round the Soviet Union would propose negotiating a package of reductions in all kinds of nuclear weapons, including intermediate-range nuclear missiles and tactical nuclear arms.

He made the remarks in an interview Friday with a reporter of the Japanese daily *Asahi Shimbun* in Moscow, saying it was his personal view.

The chief of staff of the Soviet Armed Forces, Marshal Nikolai V. Ogarkov, in a press conference in Moscow on Dec. 5, rejected the idea of moving the question of intermediate-range nuclear missiles to strategic arms talks.

Mr. Nitze told *Der Spiegel* that on the question of the intermediate weapons talks "it remains to be seen" what the Russians will do. He said that he hoped and assumed those talks would also be resumed.

The Soviet Union abruptly broke off those negotiations last month when it became clear that the North Atlantic Treaty Organization was going ahead with the stationing of new U.S. cruise and Pershing-2 missiles in Western Europe.

Mr. Nitze said that he believed arms agreements taking account of both the Soviet and NATO interests were possible in the foreseeable future but that they could only be achieved if NATO maintained a firm front against Soviet threats.

In Geneva, a top Soviet disarmament expert Saturday rejected Western appeals to resume negotiations on medium-range missiles.

Viktor Israelyan, the chief Soviet delegate to the 40-nation Geneva Disarmament Committee which holds meetings separate from the two superpower sets of talks, said the medium-range talks were dead.

"We are not going to participate in any negotiations which are used

Ceausescu Again Urges U.S.-Soviet Arms Accord

By John Kifner
New York Times Service

BUCHAREST — President Nicolae Ceausescu, saying that he fears "nuclear destruction," has reiterated a call to the United States and the Soviet Union to stop deploying nuclear missiles and to resume arms control negotiations.

"The deployment of the new missiles and development of the ones in place will not bring extra security to either side, least of all to European countries," the Romanian leader said in an interview last week. "On the contrary, they will increase insecurity and the nuclear war threat."

He called on both sides to agree on a balance of forces at the lowest possible level.

His remarks came amid Soviet-U.S. tension over the issue of medium-range missile deployment in Europe. The United States, under terms of a decision by the North Atlantic Treaty Organization, has begun to install new missiles in Britain, Italy and West Germany. The Soviet Union has said that it will counter the deployment with new missiles in Czechoslovakia and East Germany.

The Soviet Union on Nov. 23 walked out of the Geneva talks on medium-range missiles and, last Thursday, suspended talks on long-range missiles.

These steps by both sides pose the danger of an escalation, Mr. Ceausescu said, "confronting Eu-

rope and the whole world with nuclear destruction."

Within the Soviet bloc, the Romanian leader has pursued a relatively independent foreign policy while maintaining tight controls at home. Romania declined to join the Soviet-led invasion of Czechoslovakia in 1968, condemned the Soviet intervention in Afghanistan in 1979 and does not take part in Warsaw Pact troop exercises.

Romania was also absent Friday in Moscow at a meeting of Soviet bloc ideological chiefs aimed at forging a united response to the U.S. missile deployments.

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U.S. Lays Down Medicare Benefits For Hospice Care for Terminally Ill

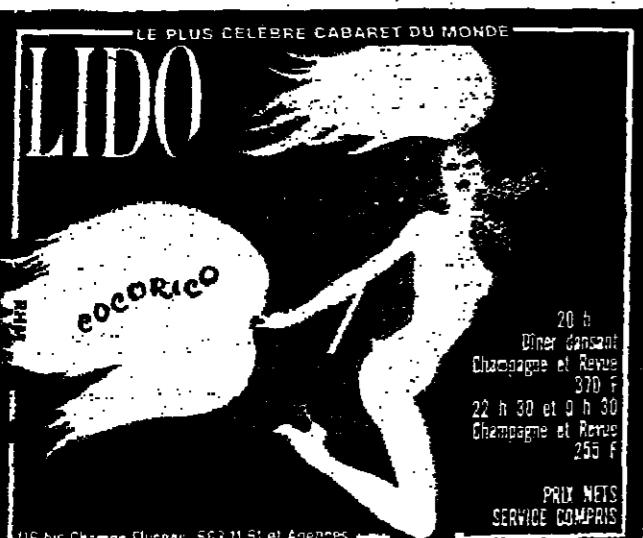
New York Times Service

NEW YORK — After months of cabinet-level dispute and congressional pressure, the Reagan administration has set new Medicare benefits for hospice care for the terminally ill.

The program was created under a law passed by Congress in September 1982 with overwhelming bipartisan support. Hospice care provides nurses, medicine, home helpers, counseling and other assistance for terminally ill patients to die among friends in a home environment. It emphasizes relief of pain and suffering opposed to hospital technology and care.

Mrs. Heckler said the new rates had been set after analyzing data from 4,000 patients in 25 hospices around the country and weeks of negotiation with representatives of the Office of Management and Budget.

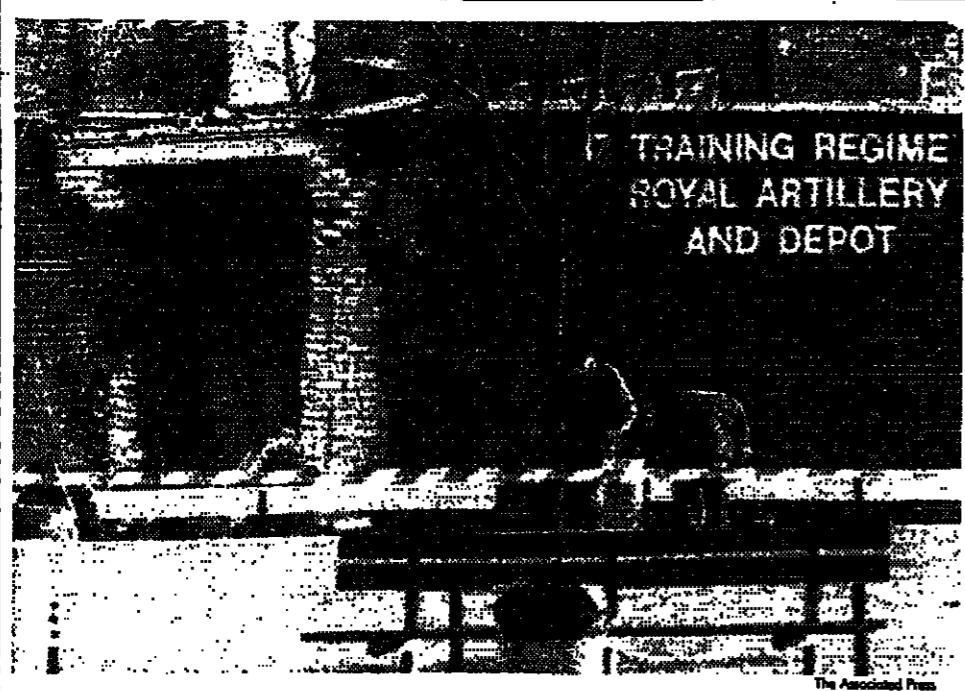
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TRAINING REGIME
ROYAL ARTILLERY
AND DEPOT

BOMB BLAST — A bomb injured five people and damaged the Royal Artillery barracks in Woolwich, London, early Saturday. Soldiers of the regiment searched for bomb fragments to help forensic scientists find clues to the explosion. Investigators said they feared it was part of a pre-Christmas campaign by the Irish Republican Army.

Bangladesh Ruler Becomes President In Apparent Bid to Consolidate Power

By William K. Stevens
New York Times Service

DHAKA, Bangladesh — Lieutenant General Hussain Mohammed Ershad, the head of this nation's military government, proclaimed himself president Sunday and dissolved his cabinet in an apparent attempt to consolidate his power before the presidential election that he has called for next May.

The 53-year-old general, who seized power in a coup in 1982 less than a year after the murder of President Ziaur Rahman, has made no secret of the fact that he intends to shed his army uniform and run for president in the May election. He has formed his own political party, largely army-based, in anticipation of doing so.

A.F.M. Ahsanuddin Chowdhury, who has been the figurehead president in General Ershad's military regime, resigned Sunday.

The general's announcement that he was adding the title of president to that of chief martial law administrator came in a brief news report Sunday morning on Radio Bangladesh.

Later, in a television address to the nation, General Ershad said: "It has been considered necessary for me to assume the office of president for paving the way of transition to democracy from martial law."

He added, "We have come to a



Hussain Mohammed Ershad

stage from where we want to fully dedicate ourselves to the task of establishing democracy in the country."

Sunday's action came less than two weeks after General Ershad ordered the leaders of Bangladesh's political parties arrested in the aftermath of anti-government riots in Dhaka and Chittagong in which six people were killed.

Troops were called out early Sunday and were on standby in the capital, but the city was quiet. Since General Ershad seized power 19 months ago, the country has been under martial law and the constitution has been suspended.

The opposition leaders arrested last month are still being detained. They include, most prominently, Sheikh Hasina Wazed, the daughter of Sheikh Mujibur Rahman, who is regarded as the nation's founding father, and Begum Khaleda Ziaur Rahman, the widow of President Zia, who is regarded by many as having been the country's most popular and effective leader. Sheikh Mujib and President Zia were both assassinated.

General Ershad has promised to hold the presidential election next May and to restore parliamentary government the next year. His opponents, who include the leaders of virtually all the country's political parties, insist that parliamentary elections be held first.

By holding the presidential election first, the opponents say, General Ershad seeks to guarantee the continuance in power of not only himself but the army generals and colonels who are regarded by the opponents as General Ershad's chief constituency. This objection underlay the demonstrations that resulted in last month's rioting and deaths.

In the words of one colleague still in the cabinet, "There's been no one to touch him as foreign secretary since."

As minister of defense, Lord Carrington will be remembered

Carrington Heeding Call To Service in NATO Role *A Soldier by Training Gives Up Post In Industry to Lead Western Alliance*

By Drew Middleton
New York Times Service

BRUSSELS — Peter Alexander Rupert Carrington, who has been chosen to succeed Joseph Luns as secretary-general of the North Atlantic Treaty Organization, has many reasons why he should have remained in a prestigious post in British industry. Money was not one of them.

But when the opportunity came to do something for the Atlantic alliance and for his own country, Lord Carrington, chairman of the British General Electric Co., decided to return to international political life.

He is the sixth Baron Carrington, descended from one Tom Smith, who founded a bank in 1642. William Pitt, who helped bring Napoleon's downfall, made Robert Smith, a faithful but otherwise undistinguished member of the House of Commons for Nottingham, a baron. Robert's son took the name Carrington. The single "r" is the family name; the College of Heralds put two "r"s in the title.

The current holder of the title is bored by discussion of his name's two spellings. "My name's Smith," he tells people who ask about them.

The remark has the flavor of the man. He has held two of the most important roles in British government, foreign secretary and minister of defense. In addition, Lord Carrington has been a secretary in Britain's Ministry of Agriculture; held the post of high commissioner in Australia from 1956-1959; was first lord of the admiralty from 1959-1963; and was leader of the House of Lords in 1963 and 1964.

He is regarded as an affable, approachable man with a dry wit. Hand in hand with a commitment of service to the crown goes a personal conviction that if a government minister makes a blameworthy mistake his only recourse is to submit his resignation. The Foreign Office, under Lord Carrington, made a series of serious mistakes in 1982 over Argentine intentions in the Falkland Islands.

Lord Carrington did not make the mistakes personally. But he felt bound, when he saw the damage they had done, to submit his resignation. He left office deeply missed by his colleagues in the government.

"It is true that we would like to condemn other countries," a Dutch spokesman said. "But because of the political constellation of the United Nations, it isn't possible."

The U.S. delegate, Jeane J. Kirkpatrick, asked why Chile, El Salvador and Guatemala were singled out. Cuba, she said, had more political prisoners, less freedom of the press and less judicial independence than Chile.

chiefly for supporting several programs that have strengthened Britain's conventional forces.

This is natural enough — soldiering was his first profession. Born on June 6, 1919, he was 20 when World War II began. Educated at Eton and Sandhurst, the British military academy, he became an officer in the Grenadier Guards and fought through the war.

The new secretary-general of NATO has, as he would say, "a platter" of problems on his table.

The quiet weekends on his farm in Buckinghamshire will be few. He and his wife, the former Iona McLean, will be immersed in the social activities that occupy a great deal of the week at NATO's Brussels headquarters.

The betting among those who know him, however, is that Lord Carrington will tackle NATO's problems with that combination of shrewdness and decisiveness that has served him well in the past.

Lord Carrington's political opponents will encounter a man experienced in the tactics of parliaments and bureaucracies. Also a man who is adroit at yielding a minor point to win a major one. The family motto is "Tenax in Fide," "Persevering and Faithful."



Lord Carrington

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Saturday's statement, issued by the White House press office, came just 24 hours after President Ronald Reagan told congressional leaders by letter that he could not predict when all U.S. forces would be removed from Grenada. The letter apparently made no reference to the impending pullout.

In previous announcements aimed at derailing congressional efforts to impose a 60-day limit under the War Powers Resolution for removal of the U.S. forces, the White House had given assurances that all U.S. combat troops would be out of Grenada by Dec. 23.

The House early last month overwhelmingly adopted a resolution declaring that Mr. Reagan was legally bound to withdraw all U.S. forces within 60 days of the beginning of the invasion of Grenada on Oct. 25 unless Congress extended the timetable. Similar language passed the Senate but later was killed.

Mrs. Kirkpatrick added: "Chile is a focus of attention in this body, therefore not because of human rights concerns but, let us be clear, because it is a political target."

While much of the discussion was on the three Latin American countries, delegations used the occasion to criticize abuses elsewhere.

The United States, for example, detailed the Soviet use of psychiatric hospitals for repression.

The Soviet Union said the United States was "characterized by frenzied anti-communism, racism and hatred for anything progressive."

Copter Crash Kills 11 in Sudan

United Press International

KHARTOUM, Sudan — Eleven persons were killed Sunday when a military helicopter caught fire and crashed near the town of Abuna, 225 miles (360 kilometers) southeast of Khartoum, the Sudan news agency said. The dead included three flight majors, three air force noncommissioned officers and the assistant commissioner of Blue Nile province.

The last of the U.S. combat forces on the island will fly from Grenada Monday morning, returning to their base at Fort Bragg, North Carolina, the White House said.

Although the White House provided no numbers, it said that other

U.S. Force on Grenada Being Reduced to 300, White House Announces

By Ward Sinclair
Washington Post Service

WASHINGTON — More than 2,000 U.S. military personnel, most of the remainder of the invasion force that ousted Grenada's military regime in October, will leave the Caribbean island by Thursday, the White House has announced.

The White House said, however, that about 300 U.S. military police, technicians and other backup troops will remain, with no timetable for departure, as part of a multinational support force.

These troops, under the banner of the Organization of East Caribbean States, are to provide security and technical assistance as Sir Paul Scoon, Grenada's governor general, works toward reconstituting the Grenadian government.

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Representative Michael D. Barnes, a Democrat of Maryland and chairman of the House Foreign Affairs subcommittee on Western Hemisphere affairs, said Saturday that it was "very important that American military personnel be out of Grenada as quickly as possible," including the 300 security and technical people remaining behind.

Mr. Barnes said that even though hostilities have ended on Grenada, "the question is still open as to whether a continued presence of U.S. troops after Dec. 23 would comply with the House resolution."

The army no longer makes or stores chemical weapons at the arsenal but has not yet committed itself to deactivating the facility and transferring it to public use. To do so, a federal environmental official pointed out Saturday, would require a huge expenditure.

Earlier this year an agreement was reached between the army and Shell Oil on one side and the U.S. Environmental Protection Agency and Colorado officials to stop surface and underground leakage beyond the arsenal grounds. Shell agreed to pay its share of the work.

The army had already given a figure of \$49 million in capital costs and \$74 million in operating costs for the cleanup. Shell, therefore, was summoned when the army announced Oct. 3 that the oil company's share would be \$1.34 billion and then added \$47.8 million for subsequent work when negotiations with Shell broke down.

U.S. forces and equipment used to support the paratroopers would follow the combat unit off the land, with the redeployment to be completed by Thursday.

Defense Department statistics released two weeks ago said about 2,700 U.S. military personnel remained on Grenada, roughly 1,000 combat forces and 1,700 support troops.

Plans for Site Linked to Suit Against Shell

By Iver Peterson
New York Times Service

DENVER — The size of the \$1.9-billion lawsuit filed Friday by the U.S. Justice Department against Shell Oil Co. for environmental damage to lands the company leases at the army's Rocky Mountain Arsenal, may be related to the prospect of deactivating the arsenal for expansion of the airport here and for residential or industrial development.

Shell, which has a chemical plant on the arsenal site, has been blamed for part of the contamination of the arsenal grounds, but the army itself has disposed of explosives and chemicals on the site.

The city of Denver has been eyeing the arsenal site for badly-needed expansion of the city's Stapleton Airport. And nearby communities have expressed interest in the land for expansion.

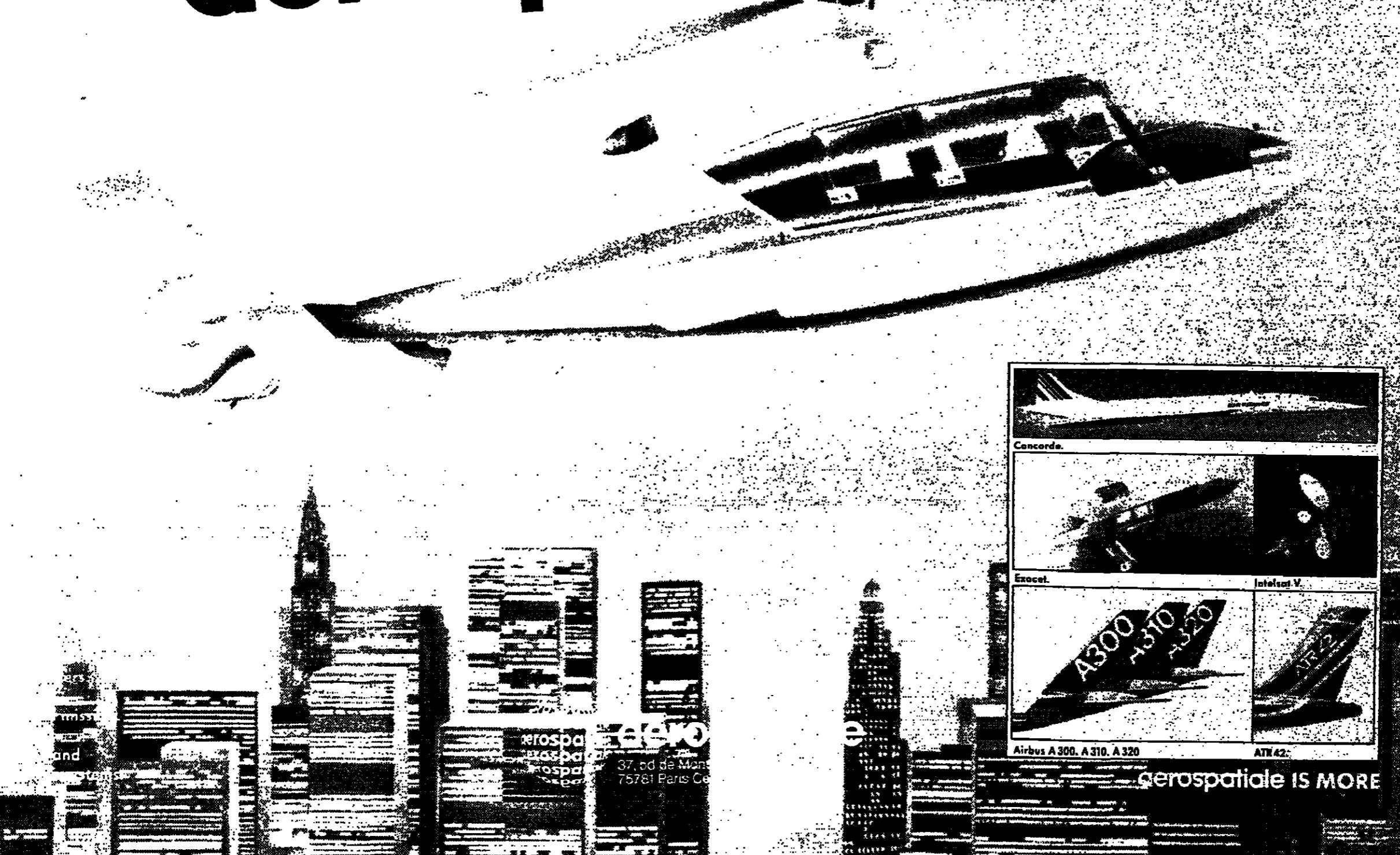
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U.S.-Zimbabwean Relations Strained By Disputes Over Non-African Issues

By Glenn Frankel

Washington Post Service

HARARE, Zimbabwe — Relations between the United States and Zimbabwe, crucial in southern Africa, have significantly deteriorated in recent weeks.

A series of incidents, including Zimbabwean votes against U.S. interests in the UN Security Council and the shunning of a memorial service in Harare for U.S. marines and French soldiers killed in Lebanon, have angered American officials and led to the most serious strain since Zimbabwe, formerly Rhodesia, gained independence from Britain in 1980.

While Secretary of State George P. Shultz headed off a recent move to halve U.S. aid to Zimbabwe to protest the country's abstention on a United Nations resolution deplored the Sept. 1 downing of a South Korean airliner by the Soviet Union, the U.S. government has warned that aid cuts could occur.

The United States has also given notice that Zimbabwe's supporters in the Reagan administration may find it politically impossible to defend Zimbabwe's policies.

Zimbabwean officials likewise have been angered by what they interpret as heavy-handed U.S. efforts to dictate foreign policy to Harare.

The issues that have caused the strain are not directly related to the two nations' differences on African questions.

Instead, the disputes have arisen over international matters that suggest an inevitable conflict between a conservative U.S. administration that tends to view such issues in East-West terms and a young Third World nation that calls itself socialist and insists on supporting other countries it sees as anti-imperialist.

Publicly, the dispute has been kept low-key, with both sides signaling displeasure in oblique statements.

"We are nonaligned and shape our own direction," said Deputy Prime Minister Simon Mugabe. "We believe those who want to be our friends must be willing to respect our views as we respect theirs."

Frank Wisner, deputy assistant secretary of state for African affairs, warned in a speech Nov. 22 that U.S.-Zimbabwean relations

"can only be sustained on the basis of respect and reciprocity."

From the beginning, Washington's policy-makers on Africa have held special hopes for Zimbabwe, seeing its potential as a relatively prosperous, multiracial democracy that could contribute stability to the region.

The view that Zimbabwe deserves U.S. support prevailed despite misgivings over some of Prime Minister Robert Mugabe's internal policies. At the same time, the administration has issued repeated warnings over U.S. aid, which has totaled more than \$200 million in the three years since independence.

The first threat came in 1981 after Zimbabwe supported a blistering communique from the Nonaligned Movement criticizing American policy in the Middle East and southern Africa and "colonization" of Puerto Rico.

Also, on such issues as Nicaragua and Chad, Zimbabwe has opposed U.S. positions in the United Nations.

The conflict came to a head this year after Zimbabwe was given a seat on the Security Council and abstained on the Korean airliner vote.

Mr. Mugabe, who was in the United States at the time, said that Zimbabwe was following the wishes of other black-ruled southern African states by abstaining and that the airliner issue had become an East-West confrontation that he thought his country should avoid. The Americans saw it differently.

"He was a guest in the United States and they were asking for his help, which he refused," an observer said. "It did not go down well."

Then came the Grenada invasion, which Mr. Mugabe condemned "as an act of wanton aggression carried out in complete defiance of the UN charter and the sovereign right of the people of Grenada."

Zimbabwe co-sponsored the Nicaraguan resolution condemning the U.S.-led invasion.

Finally there was the recent memorial service held by the U.S. and French diplomatic missions in Harare. The American version is that the Zimbabweans, although not consulted in advance, were given proper notice of the service, which was held on diplomatic ground and was nonpolitical.

Nonetheless, officials of the Foreign Ministry telephoned each embassy informing diplomats that the ministry was not consulted on the service and did not plan to attend. The message, delivered "in angry tones," was intended to intimidate other diplomats into staying away. Only 15 diplomats from other missions attended.

Zimbabwe's version holds that the calls were restrained and proper and that in any case, common courtesy should have dictated that Zimbabwe be consulted in advance. The Zimbabweans argued that the memorial service was as political as, say, a service for Cuban killed in Grenada would have been.

Despite the threats, Congress recently voted to grant the full \$75-million request for Zimbabwe made by the administration. But the new package contains a provision threatening to cut off assistance to countries consistently opposing U.S. foreign policy.

Moscow Police Detain 16 In Human Rights Protest

The Associated Press

MOSCOW — Police detained the son of an imprisoned Jewish dissident and 15 other demonstrators over the weekend after they held a quiet rally in Pushkin Square in central Moscow to mark International Human Rights Day.

Among those identified as detained Saturday evening was Boris Begun, whose father, Yosef Begun, 51, was sentenced in October to seven years in prison for anti-Soviet agitation and propaganda.

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PANDA ON THE MEND — Ling-Ling, the ailing Chinese panda diagnosed as suffering from a serious kidney dysfunction, is improving, according to doctors in Washington. Dr. Mitchell Bush, right, chief veterinarian at the National Zoo, said doctors had ruled out a kidney transplant but were considering short-term dialysis. The 14-year-old panda, a Washington celebrity, underwent a series of tests and has been treated with doses of antibiotics and a blood transfusion from her mate, Hsing-Hsing.

Legislators Press Reagan Over Timor

New York Times Service

WASHINGTON — More than 100 members of Congress, led by Representative Tony P. Hall, Democrat of Ohio, have signed a letter to President Ronald Reagan urging him "to add the suffering of the people of East Timor to America's foreign policy agenda."

The letter asks Mr. Reagan to help in getting officials of the International Committee of the Red Cross into East Timor, a former Portuguese colony that was invaded in 1975 by Indonesian forces who set up a provisional government. East Timor was fully integrated into Indonesia's 27th province in 1976.

The East Timorese, the majority of whom are Roman Catholic, have resisted Indonesian rule. From occasional press reports, information reaching church officials and diplomatic sources have come indications that more than 100,000 East Timorese have died since then.

"Like Afghanistan, East Timor is the scene of massive violations of human rights and widespread human suffering," said the letter, which is to be sent to the president this week.

"In August of this year," it said, "Indonesian armed forces commander General Benny Murdani stated that there would be 'no mercy' for those in East Timor who continue to actively resist Indonesian rule."

The letter said that a report from church sources recently described a massacre of 200 East Timorese villagers by Indonesian troops. Amnesty International has reported that "the Indonesia military has systematically tortured and summarily executed many prisoners in East Timor since 1975."

"We hope you will work with Portugal and Australia to develop creative policies to address the underlying causes of the ongoing human suffering in East Timor," the letter said.

The Indonesian government has repeatedly denied reports of human rights abuses on the island.

Study Finds Coal Power Cheaper Than Nuclear

*By Matthew L. Wald
New York Times Service*

NEW YORK — A study of electricity generating stations around the world has found that costs have risen so high that, in nearly all countries, a coal-fired plant begun today would be cheaper to build than a nuclear reactor.

The study, released Sunday by the Worldwide Institute, a non-profit research organization based in Washington, found that nuclear power development had fallen victim to rising construction costs and to a slowdown in the growth in demand for electricity. These are the same factors that have caused the cancellation of 87 plants in the United States since 1975.

The study, titled "Nuclear Power: The Market Test," said that unless fortunes shift quickly, the pipeline of new plants will begin to run dry in all but a few countries by the end of the decade.

Christopher Flavin, a researcher with the institute and author of the study, said in an interview: "It appears that in France new nuclear plants are less expensive than a new coal plant would be where they are building them. That is probably true in Japan as well."

But those two countries, where coal is expensive, are probably the only nations in the non-Communist world where that is true, he said, and he added, "As a general rule, it is not economical in any developing country."

"Cost overruns have been most severe in the United States, West Germany and Britain," the study said.

A prime factor in the increase is new safety equipment, the study found, adding: "Figures for the cost of concrete, piping and cable used in an average nuclear plant has more than doubled and that labor requirements have more than tripled."

The economics of construction are so poor that "the question now is not whether to make a few small adjustments to further encourage a thriving industry, but whether to introduce fundamental institutional changes and new economic subsidies to prop up a dying business," the study said.

Predictions of the amount of nuclear capacity likely to be built have dropped, the study found. In 1970, the United States, Western Europe and Japan expected to have 600,000 megawatts in place by 1985; today the prediction for 1985 is less than 200,000 megawatts, according to the study.

It also found that electricity from new nuclear plants costs 10 to 12 cents a kilowatt-hour and will reach 14 to 16 cents in 1990, while the cost of a kilowatt-hour generated by burning coal would be roughly half that amount in both years.

U.K. Paper Says, In Spite of Hoax, Hitler Papers Exist

Reuters

LONDON — A British newspaper, investigating the story behind the hoax of "Hitler diaries" earlier this year, said Sunday that it had established that some of the Nazi leader's secret archives survived a plane crash at the end of World War II.

The Sunday Times, which bought the fake diaries from the West German magazine Stern, said that most of the important documents from the plane that crashed in 1945 in Börnsdorf, now part of East Germany, were retrieved by members of a Luftwaffe unit and taken to the headquarters of Field Marshal Friedrich Schörner, an army commander respected by Hitler.

The documents then went to Bavaria, where the trail goes cold because of a conspiracy of lies and silence among the members of the Luftwaffe unit who are still alive today," the Sunday Times said.

It said that Gerd Heidemann, the Stern reporter arrested for his supposed part in the hoax, did not know the diaries were faked and was fooled by a group of former Nazis.

The Sunday Times had announced on April 24 the discovery of Hitler's "secret testimony," but two weeks later the diaries were revealed to be certain forgeries. Mr. Heidemann and the man who confessed to writing the diaries are now being held in jail pending trial.

Top Official's Remark On Hunger in U.S. Draws Social Workers' Anger

By Margaret Engel
and Edward D. Sargent
Washington Post Service

angered many people who believe his views indicate the administration's insensitivity to the poor.

"Our president and his aides may not find hunger in Camp David or Rancho del Cielo, but it is certainly spreading across America," said a Democratic presidential candidate and former Food for Peace director, George McGovern. Former Vice President Walter Mondale chose to visit a soup kitchen Saturday morning.

"All Ed Meese has to do is walk one block from his office and he'll see how hungry people are," said Donald Matthews, a volunteer at Martha's Table, a charity that distributes food to homeless Washingtonians. "People come back for seconds and thirds because those sandwiches are their only meal for the day."

The Rev. John Steinbruck, whose church is a few blocks north of Mr. Meese's office, has tried without success to get the White House to give his church's shelter for the homeless the leftovers from state dinners and receptions.

"I'm challenging the White House to do some good in its own neighborhood," with the vast amount of food waste from receptions, he said. A White House official said that Mr. Steinbruck's request was distasteful.

Mr. Steinbruck was most incensed about Mr. Meese's view that people using soup kitchens are opportunistic.

"There's nothing anecdotal about real human beings, somberly, sadly, waiting for sustenance," Mr. Steinbruck said. "It's not pleasant to eat in those environments."

Mitterrand Slips 2 Points in Poll

The Associated Press

PARIS — President François Mitterrand's approval rating slipped two points to 37 percent in December, according to a poll conducted for the weekly newspaper *Journal du Dimanche*.

The Socialist president's popularity hit a record low of 32 percent in October. In the newspaper's monthly poll published Sunday, it climbed to 39 percent in November after Mr. Mitterrand visited Beirn following the deaths of French soldiers in the multinational peacekeeping force.

The poll showed that the most popular figure in France's conservative opposition forces was the former European Parliament president, Simone Veil, with 47 percent.

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SAUDI ARABIA

INDUSTRY AND DEVELOPMENT — A SPECIAL REPORT

MONDAY, DECEMBER 12, 1983

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Industry Feels Early Effects 'Of Saudiization'

By Joseph Fitchett.

DHAHRAN — "Saudiization" is changing Saudi Arabia's economic life in profound and often-surprising ways, with few people willing to predict the final impact of this policy of fostering more local participation in every aspect of industry.

A striking symbol of these changes is the news that a Saudi Arabian, Ali I. Naimi, will take over Jan. 1 as president of Aramco, the oil company founded by major U.S. oil firms and now belonging to Saudi Arabia and handling most of the country's production.

The first Saudi Arabian to head Aramco, Mr. Naimi is a thoughtful advocate of "Saudiization," who stressed in an interview that "our society is maturing economically and socially, and we need to provide the challenges and opportunities for self-fulfillment which our young people need."

In practice, this view, which is shared by most influential Saudi Arabians, means that foreign and Saudi companies devote extraordinary amounts of money and effort to training. Aramco, the grandfather of all modern enterprises in the kingdom, spent \$650 million last year on training — more money than the entire budget of UNESCO.

Saudi Arabia as a government spends 15 percent of its commodity budget (and an undisclosed part of its military expenditure) on manpower development, both outside Saudi Arabia and, increasingly, in the kingdom.

"Everybody here is supposed to be working himself out of a job," said a U.S. executive in a recently Saudiized bank.

Banking and oil — the two sectors that are the most important to the kingdom's economy — are the fields where Saudiization, both in training and in the emphasis on getting Saudi Arabians into key jobs, is proceeding the most rapidly.

At Aramco, 55 percent of what are called "supervisory staff" are Saudi Arabians — and a lot of the key personnel in the oil fields are Saudi Arabians. "We need a qualified Saudi work force at all levels, to operate, maintain and direct," Mr. Naimi said. Of nearly 60,000 Aramco employees, nearly 34,000 are Saudi Arabians.

At the same time, he reflects the view of many highly experienced Saudis in warning against an abrupt ouster of expatriates before enough Saudis are ready to administer the country's wealth. "Saudis are going to have breaks for the next 20 years, but expatriates will continue to play a key role during that period," Mr. Naimi said.

Throughout the kingdom, pressure is being applied by younger educated Saudi Arabians to make room faster for their talents.

"At Aramco, we don't have much respect for diplomas, we take qualified people and then start training them ourselves and giving them the experience they need to be seasoned and self-sufficient when they get responsibility," said an aide to Mr. Naimi.

Mr. Naimi, at 46, has 35 years' experience at Aramco. He started at 11 as a messenger, then won scholarship and climbed up through the ranks as a geological technician. In 1963 he got an master of science degree at Stanford in hydrology and economic geology, and started a round of managerial assignments that eventually took him to the top job. A prestigious assignment along the way was his stint as chairman of Aramco's Manpower Advisory Committee.

Asked whether Aramco will be run in the same way as Saudi Arabians become the decision-makers, both foreign and Saudi Arabian "Aramcos" were divided in their replies, but not along national lines.

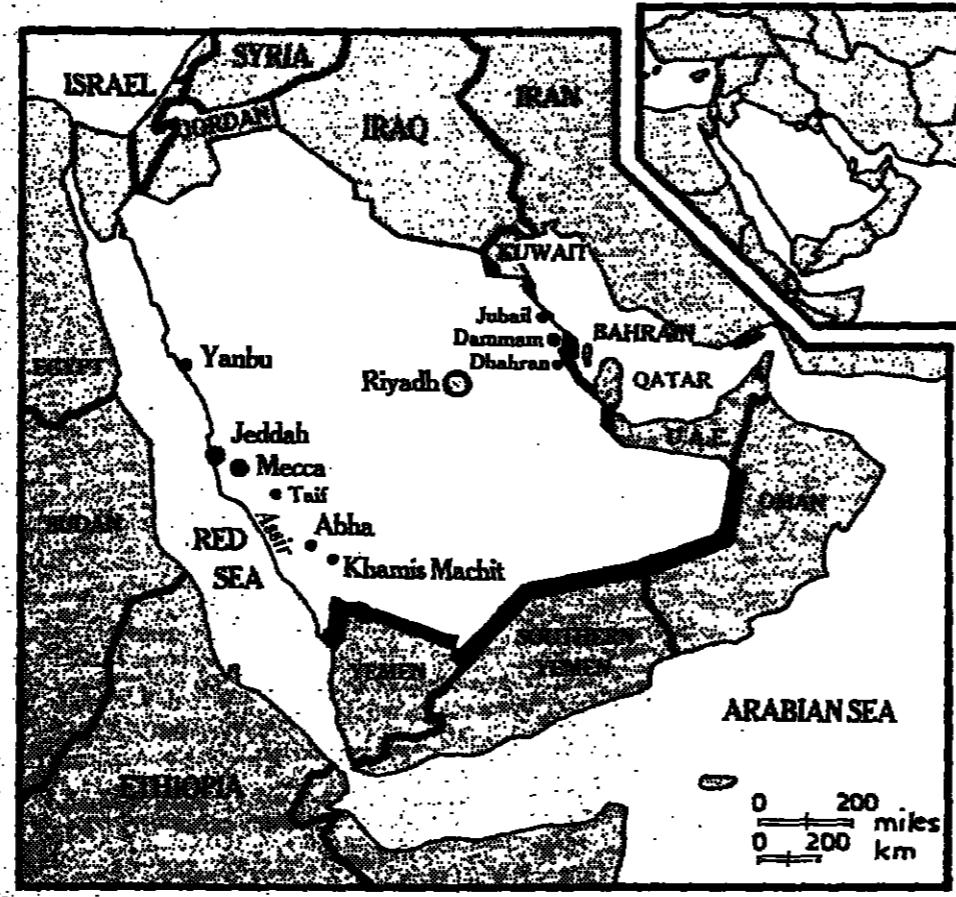
Some Arabs and expatriates emphasize Saudi Arabia's need to manage its wealth well, arguing that the need for performance will ensure that U.S.-type management continues.

A rival view is that a stronger Saudi flavor is liable at some point to dilute the impact of key expatriate specialists who will be needed for special technical jobs for a long time to come.

Already, the social pressures accompanying "Saudiization" are apparent. Within the Aramco compound at Dhahran — to all outward appearances except for a new mosque, a suburban U.S. town that might have been transplanted into eastern Arabia in the late 1950s — changes are starting to occur rapidly.

Aramco no longer provides the unofficial help it used to give to new employees to build reliable skills, and there are indications that swimming

(Continued on Following Page)



Development Aid Channeled To Kingdom's Remoter Areas

ABHA — Saudi Arabia, in contrast to many other developing countries, is extending its development drive outside the main centers and pumping funds into peripheral areas such as this regional capital in Asir, the kingdom's mountainous southwest corner.

Businessmen — both Saudi Arabian and foreign — are finding it profitable to explore the emerging markets for local projects, services and goods in Abha and other key provincial cities.

Despite the overall slowdown in national development spending, Asir is maintaining its planning momentum for more hospitals and schools, more roads and hotels, more farms and factories.

Construction is booming in this province of scattered settlements, which used to live meagerly off farming on small terraces carved out of the steep mountains. Near completion are 40 dams and six hospitals — and untold amounts of public and private housing.

This basic infrastructure has provided economic impetus for farming communities scattered across the rugged terrain in Asir — the Arabic term for "difficult terrain." Meanwhile, in this tidily landscaped town of 65,000, plans are set for modern urban facilities, including desalinated water from the Red Sea 2,000 feet below an industrial estate for 400 factories and an extensive training program to provide manpower for private-sector entrepreneurs.

Military spending is also being sustained in strategic corners of the kingdom such as Asir, which borders Yemen. Near Abha, the town of Khamis Machit, with a population of 80,000, lives off a big new air force and army base.

Although military spending is a sector that could be quietly stretched out in a budget squeeze, regional

(Continued on Page 13)

'Austerity' Period Leaves Stronger Economic Base

By Alan Mackie

RIYADH — Saudi Arabia has come through the financial turbulence of the last 18 months remarkably unscathed and with strengthened confidence in its ability to handle the approaching, perhaps lengthy, period of relative austerity.

It has been the most difficult year for the country's financial managers in the decade since the 1974 oil boom transformed Saudi Arabia's economic fortunes. The crisis in oil revenue is so severe that, for the first time, the problems of the world economy have impinged on the domestic economy's phenomenal growth.

Still, retrenchment has produced some salutary changes in the kingdom's economic climate, intensified the process of Saudiization and brought into sharper focus the need to diversify out of oil.

The way private business activity has held up has been an encouraging sign that local business is taking root. Where gross domestic product fell 17.2 percent last year and is expected to drop another 5 percent this year to \$121 billion, private-sector activity — all of it nonoil (although some of it is oil-related) and now amounting to about half of gross domestic product — has managed to keep growing, albeit more slowly. This year, the anticipated increase is only 7 percent, against 12 percent last year. Even though the oil slump has not fully reached the private sector, the overall performance has surprised many experts in the kingdom.

Diversification is taking many forms. The construction industry, an early casualty of the oil slump after being the vehicle of nonoil GDP growth for a decade, is restructuring and phasing down, now that the main infrastructure projects have been completed.

Government development funds promote industry and agriculture, which continue to prosper. Mineral prospecting is also encouraged as part of diversification.

Most importantly, the industrial centers at Jubail and Yabu are beginning to come on stream, providing the country with a petrochemicals base that represents the most concerted attempt to develop resources other than crude oil.

When Saudi officials tried to formulate the budget for the current fiscal year last April, all of the parameters on which they had made their previous budget calculations had changed. The Organization of Petroleum Exporting Countries had backed away from an open price war by agreeing in March to a total production ceiling of 17.5 million barrels a day and a \$29-a-barrel price for Saudi marker crude. There was no certainty that the agreement would hold, and Saudi export production was languishing in March at 3.8 million barrels a day. Saudi Arabia pumps an estimated 200,000 barrels a day of its own oil for Iraq, but Saudi Arabia insists that this should be counted toward the OPEC ceiling for Iraq.)

After much thought, the government took the unprecedented precaution of allowing for a budget deficit of 35 billion riyals. Events have proved the decision correct. Although oil production has improved, reaching 5.8 million barrels a day in November, average production this year will remain less than 4.8 million barrels a day. Saudi income from investments and other sources will be \$5 billion riyals short of the 225 billion riyals budgeted.

As oil production plunged in the first and second quarters, all nonessential expenditure stopped. Many contracts were canceled, others postponed, and yet others renegotiated under new regulations requiring all government contracts to go out to open tender. The overall effect of the measures was to lengthen the time between commissioning projects and payments.

To keep within budget targets, the government also adopted a policy of releasing funds only once the oil

revenues had been collected. This meant that early this year, when oil production was at its lowest, virtually no money was disbursed. Payment delays lengthened to 90 to 120 days, raising the specter of bankruptcies. Some analysts warned that, if the squeeze were maintained to the beginning of next year, with the start of the new financial year and the hajj season, it would be early autumn before the government could start pumping funds into the economy again. By then, the financial crisis for much of the private sector could have become acute. The authorities appear to have heeded the warnings, for funds are again being disbursed.

Two factors made the government retent. First, the freeze on payments in the first quarter was so stringent that spending for the year will be slashed more deeply than the fall in revenues. Spending, budgeted at 260 billion riyals, now will be 200 billion riyals and leave a deficit of 30 billion riyals.

The main reason the government is able to relax

(Continued on Page 11)

Leaner Times Stimulating Private Sector

RIYADH — Change is sweeping through the Saudi private sector as it responds to the new climate of relative austerity.

With the rich earnings from trade and the construction boom of the past, Saudi entrepreneurs are looking elsewhere.

The traditional way into Saudi business has been to obtain a good agency and build up interests and capital on the strength of it. The old established trading houses have become international organizations.

Olayan, for instance, has a 5-percent stake in Chase Manhattan Bank, a 4-percent stake in Occidental Petroleum and part of the Hong Kong trading house Jardine Mathieson. Others, like Redec and Binladin, have made their name in construction. The Juffalis, on the strength of their Mercedes agency, are assembling Mercedes trucks. Newcomers, like Sharbatly and Jamjam, have established themselves in cold stores and imports of electrical goods.

With the trading agencies becoming fragmented and margins squeezed to the bone by the economic slowdown, Saudi entrepreneurs are looking for less demanding and more secure homes for their capital and are more disposed now to look at longer term investment in the kingdom.

Agriculture, because of the massive wheat subsidy, is a popular investment, but industry is also attracting increasing interest. There are now others, too, who are bypassing the traditional route through trade and going directly into manufacturing.

A good gauge of industrial activity is the Saudi Industrial Development Fund. One of its principal functions is to provide interest-free loans to the private sector for industrial projects. Even though the fund is becoming far more selective in its lending — it no longer supports building materials, dairy products and aluminum frame manufacturing because the markets are saturated — the fiscal year to last April was

(Continued on Page 11)

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INTERNATIONAL HERALD TRIBUNE

Published With The New York Times and The Washington Post

Now to Help Alfonsin

Democracy has returned with the inauguration of Raúl Alfonsín as president. The generals had long ago outlined, and unforgivingly abused, the anti-terrorist purpose for which they seized power. Severe difficulties lie ahead of the elected leadership, but it will have the advantage of being able to ask sacrifices from people who elected it to do exactly that.

Other countries have their roles to play, not least the United States. The Reagan administration has already managed one aspect of Argentina's transition smoothly by waiting until Dec. 10 to end the six-year human rights ban on arms sales and aid. There was a case for taking this step on the general's watch so as to signal to the hemisphere that the United States rewards military governments that reform. But there was a better case for waiting until an elected government's watch began.

The relationship between politicians and the military in Argentina will continue to be extremely sensitive. The military pushed the country toward heavier military spending and faster and more open progress toward a nucle-

ar bomb-making capability. It will be necessary, but not easy, for the civilians to edge back from those unwise commitments.

Here Britain has a special responsibility. For the 17 years before Argentina grabbed the Falklands, Britain had been negotiating desultorily, and without evident interest in a solution over their sovereignty. Once Argentina made its move, the British took the issue off the table. They have refused to put it back, citing Argentina's refusal to stipulate formally a cessation of hostilities. Meanwhile they claim that the handful of British settlers on the Falklands deserve self-determination.

One understands that the Thatcher government, which paid heavily to regain the Falklands and continues to pay heavily to garrison them, feels that its pride is engaged. But the guilty party — the Argentine government that invaded — has now yielded power. The new leadership in Buenos Aires is plainly dedicated to peaceful means in pressing its 150-year-old claim to the "Malvinas."

— THE WASHINGTON POST.

A great country, blessed with human and natural riches, has returned to the democratic fold after eight ruinous years of military dictatorships. But credit the departing generals with a sense of drama. They chose to have the elected president, Raúl Alfonsín, inaugurated on Dec. 10 — Human Rights Day. Alas, this symbolism escaped the Reagan administration. Its inaugural gift to a democratic civilian government was the end of America's arms embargo, which Mr. Alfonsín did not request. A better gift would have been a belated confession that Jimmy Carter's human rights mission made a crucial difference in Argentina.

Principles are practical: they kept alive the promise now realized in Buenos Aires. There is no better witness than Mr. Alfonsín. When a junta resorted to terrorism in the name of battling terrorism, its "dirty war" claimed at least 6,000 lives. The press was mostly silenced. Among political leaders, only Mr. Alfonsín dared to join a human rights commission that protested the official barbarism.

The rampage reached its peak in 1976, the year in which the U.S. Congress for the first time tied human rights strings to U.S. military

and economic aid. That was a risky and disputed attempt to harness principle to diplomacy. Would it work? As administered by President Carter in important cases, it plainly did.

According to Mr. Alfonsín, thousands were saved in Argentina because the United States openly expressed its concern. Patricia Derian, the State Department's first human rights monitor, encouraged the U.S. Embassy in Buenos Aires to become an information center for the families of the "disappeared." She was denounced as a meddler by the junta and its friends in the United States, but she and all Americans are remembered by the democrats who now govern as gallant allies.

Argentina's new dawn has its threatening clouds: \$40 billion in foreign debt; an unresolved quarrel with Britain over the Falklands; a territorial dispute with Chile; a potential clash with entrenched Peronist trade union bosses; and a looming quarrel over prosecuting military officers for the "dirty war." But when Argentina and the United States speak the same democratic language, other problems seem manageable.

— THE NEW YORK TIMES.

Blacks Under Reagan

When American politicians, in the coming election year, ask people if they are better off than they were four years ago, relatively few black people will say yes. Should black voters blame Reagan administration policies for this generally unfavorable experience?

Administration spokesmen point out that blacks as well as whites have benefited from lower inflation and lower taxes. And the recovery has provided jobs for an additional 148,000 blacks — although 435,000 more are unemployed than when Ronald Reagan took office. If the economy continues on a healthy growth path, blacks can expect to share in the benefits as they did during the booming 1960s.

However, the administration's budget cuts — concentrated, as they were, on programs for the poor — hit especially heavily on black people simply because they are over-represented among that group. Similarly the tax cuts, 80 percent of which ended up in the pockets of families with incomes above \$20,000 a year, did little for blacks, relatively few of whom are well-to-do. Cubicles in jobs at all levels of government also hurt blacks disproportionately because so many, especially those in managerial or professional jobs, work for government or related organizations.

An Urban Institute study by economists

Frank Levy and Richard Michel finds confirmation, for both views. Looking at family purchasing power since 1980 — adjusted for taxes, inflation and government aid — the authors find that larger societal trends are the dominant factors. Sensible economic policies help, but advances in technology, growth in world markets, outbreaks of war, raw material prices and so on determine the basic trend. The fact that the 1979-1984 period will produce almost no net income gain for the average family is more the result of the enormous oil shock at the end of 1979 than of anything the Reagan administration did or did not do.

But black families are not the average. When you put all the Reagan policies together — the income tax cuts that have been offset by payroll tax hikes for low-wage workers, the 17 percent decline in average welfare benefits and the cutoff of many kinds of help for the working poor — the study finds that black families of every type have lost more disposable income than white families in the last four years. Those losses are also harder to bear because black families start from a lower base. For black families to recover that lost ground, economic growth would have to favor them over whites. And that is not likely to happen.

— THE WASHINGTON POST.

Other Opinion

Stormy Days in the Atlantic

These are stormy days in the Atlantic. Wherever you look — defense and disarmament, fiscal and monetary policy, taxation, trade, farm policy or the Middle East — there are now sharp disagreements between the Americans and their allies on this side of the Atlantic. There is no sign, either, that these difficulties are likely to be tackled in the immediate future. The United States is already in the throes of an election campaign which will not be settled for another 12 months, and [the Reagan administration] will show a tender care for every domestic lobby in the interval.

However, even a re-elected administration, or a new one, would find the problems obstinate, for our underlying interests are increasingly divergent. The recent cooling of the old special relationship between Britain and the United States is only a small incident in this general drifting apart, but it may prove quite a healthy one. For it is a sharp reminder, as

the prime minister has recognized, that our future is bound up with that of Europe, whether we squabble or agree.

— The Financial Times (London).

After a European Failure

The debacle in Athens has left Europe looking rather feeble. At a moment when a powerful third voice in the world is urgently needed, Europe has had to stammer its apologies and silently slink away. While the United States and Russia are trading the clichés of the cold war and building huge military machines, Europe is arguing over the price of milk. It is hardly the vital and challenging role in world affairs which the founders of the European Community envisaged 25 years ago.

— The Observer (London).

In fact, the problems have been there for some time. Even the impending end of the Community has been heard before.

— The New Straits Times (Kuala Lumpur).

FROM OUR DEC. 12 PAGES, 75 AND 50 YEARS AGO

1908: Panama Canal Costs Going Up
WASHINGTON — "Engineering and Contracting," a New York publication, forecasts the cost of the Panama Canal at \$211,299,000, about 50 percent more than the original estimate of \$139,705,200. The article even goes so far as to say that should the cost of the locks, dams and breakwaters overrun the original estimate as other items, such as excavation, have done, the cost of the canal will practically equal the estimated cost of the sea-level canal, which was \$247,000,000. The article says in part: "The newly-elected President can begin his administration in no more auspicious manner than by reorganizing the construction administration of the Panama Canal."

1933: Roosevelt Appeals to Farmers
CHICAGO — Asking for co-operation in his program for "controlled agriculture," President Roosevelt has sent a message to the American Farm Bureau Federation in which he declared: "We seem to be on our way, but we are not yet out of the woods . . . Members of the farm bureau know that maladjustment of supply and demand was years in the making and cannot be corrected overnight. Nevertheless the complexion of the agricultural outlook has changed. Money is getting into the hands of the people who need it. It is coming from Government checks to those willing to cooperate — producers willing to swap the hazardous present for a stable future."

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SAUDI ARABIA

Period of Austerity Has Left Stronger Base for Economy

(Continued From Page 9)

slight on spending, however, is the overall improvement in the oil market.

The \$29-a-barrel market price for Saudi Light has held more or less even. Although it is trading spot at a \$1-a-barrel discount, pressures are mounting for further cuts, and some forecasters are predicting a 10-percent decline in the real value of oil. But the supply-and-demand equation for OPEC oil has stabilized and further retrenchment will be more manageable.

Consequently, the government appears to be more disposed to draw down judiciously on reserves rather than antagonize OPEC by exceeding its quota of 5 million barrels a day or harming the domestic economy by rigorously scaling expenditures with oil revenues.

The effect of the production slowdown on the balance of payments will be significantly cushioned by delayed and deferred payments. An estimated \$5 billion of unpaid bills were carried over from the previous financial year to the current one, and that will have grown to \$10 billion by the end of this year.

Given that Saudi Arabia's foreign-currency reserves amounted to an estimated \$130 billion at the beginning of this fiscal year, they will still be comfortably above \$100 billion at the end of it. In all probability, only two-thirds of these assets could be cashed in, but it still leaves a comfortable margin for most contingencies.

The oil glut and the world recession have not been entirely to Saudi Arabia's disadvantage. The strength of the dollar has offset a large part of the 15-percent fall in the oil price, increased the value of reserves and dampened imported inflation. Competition, cutting into fat margins, has done the rest by bringing inflation in the kingdom to practically zero. The cash shortage and overruns on cost and time have enabled the government to dictate its terms in renegotiating many contracts.

Now has the shakeout done the economy any serious harm. The expatriates admitted are the first victims.

of the retrenchment, being the first to lose their jobs. The full impact of the government's withholding finance, for instance, is passed straight down to the Arab contract worker who may not have been paid for three months and then has to decide whether he can afford to eat his losses. Many have the choice made for them. Saudi contractors are laying off their foreign labor in droves, and for the first time since the oil boom there could be a net outflow of foreign nationals this year.

In many instances, however, the Saudis have not been able to pass on the effects of the squeeze. One large trader said that sales of electronic and electrical equipment were 50 percent down from last year. The trading sector in general has taken an enormous beating. For the first time, imports are marginally down. But cement imports have risen 30 percent, reflecting the continued strength of housing financed by the government's Real Estate Development Fund. Similarly, the Saudi Industrial Development Fund had its second-best year last year, taking out 1.6 billion riyals in new commitments. The fund is mostly self-financed through repayments.

The credit squeeze also has had a beneficial effect on the banking sector. Recent measures — such as the instruction to banks to seek funding from local banks before going offshore in riyal syndications, the gradual implementation of a 1-percent withholding tax on offshore funds and, more importantly, the narrowing in the differential in the premium between domestic and Eurodollar rates — have checked the growth of offshore balances and reversed the flow slightly. The average cost of funds is increasing, forcing bankers to be more adventurous in lending. Equally, the private Saudi is losing his scruples about bank borrowing and is subjecting himself to the screening and documentation it entails.

Despite these achievements, only intermittent attention has been paid to the economy and its structure.

(Continued on Page 13)



Mahsoun B. Jalal

Jalal: The Thinking Behind National Industrial Planning

RIYADH — The National Industrialization Company (NIC), a joint-stock company in the process of formation, will be an important vehicle for industrial diversification in Saudi Arabia. Its founder, Mahsoun B. Jalal, 52, an economist who has worked in the Saudi Development Fund at the IMF, personifies the sophisticated thinking behind NIC. When he returned from Washington in 1981, after having served as the kingdom's director at the International Monetary Fund, he looked around to see how he might put his talents and his considerable experience at the service of his country.

He had long believed that Saudi Arabia's economic salvation lay in industrial development, with the country's cheap and ample energy and capital and raw materials. When the Saudi Arabian Basic Industries Corp. (SABIC) was first talked about in the early 1970s, Mr. Jalal had nursed the idea of setting up a private-sector equivalent. But the time was not right then. There was no infrastructure and none of the basic industries on which to build a thriving private sector. On his return in 1981 he found the situation totally changed. The nation's infrastructure was largely complete; Jubail and Yanbu petrochemical complexes — once only a figment of planners' imaginations — had materialized; the nexus of about 1,000 to 1,200 operating companies existed.

Industrial production amounted to about 20 billion riyals or 7 to 8 percent of the national income, and the country was beginning to export — 1 billion riyals worth of goods went to Iraq last year.

Most significantly, there had been an explosive expansion in the size of the market, not only in the terms of the number of people in it but also the amounts they had to spend. Saudi Arabia's position between three regional markets could now be used to promote employment and foreign exchange by generating exports. "We were thinking of industrial development as an alternative to oil in 20 to 30 years from now and trying to sell the idea that this was the option for the future — not agriculture," Mr. Jalal said.

Thus, the National Industrialization Company was born, to bring together capital and multidisciplined expertise to direct industrial development with public participation. The public will be offered 60 percent of the 600-million-riyal capital. The remaining 40 percent will be held by founders, a mix of individuals and institutions — three local banks, Riyad Bank, National Commercial Bank and the Saudi Investment Banking Corp., will have 6 percent of the equity. SABIC, the public investment fund, and GOSI, the state pension fund, another 14 percent, and the remaining 20 percent is to be held by individuals. The original intention had been to limit the number of individual founders to about 60 but the demand was so great that it was increased to 118.

SABIC will operate as a holding company with three distinct functions: to act as an investment company taking stakes in industrial ventures; to manage joint ventures in which it and a foreign partner will each have 30-percent stakes and the public the remainder, and to promote and run services-related industries.

Given the severe constraints being put on the development of a stock market, Mr. Jalal's novel way of fusing public capital with technical expertise in developing Saudi Arabia's industrial base could be a pointer to the future.

— ALAN MACKIE

Banking Training: An Understated Success

By Peter Théroux

RIYADH — The Saudi Arabian Monetary Agency's Banking Training Center remains one of the kingdom's few understated successes.

The center — established in 1965 and moved to the capital in 1979 — is training young Saudi Arabians to administer and work in the nation's Sandid banks.

Unlike showplace institutes where magnificent settings contrast with lackluster activity, the BTC's row of classrooms in a garden behind the modest administrative headquarters is intense and busy.

In the advanced foreign exchange class, 20 young men frequently interrupt their courteous note-taking and their Egyptian instructor to ask questions about currency fluctuations. Next door, a Saudi instructor acting head and vice-governor of SAMA, acting head and vice-governor of SAMA.

Answering the instructors, the students display what they have learned. The terms flow smoothly in the mixed Arabic-English jargon of Saudi bankers:

"Awraq Tijari... disequilibrium... branches... spreads... souk al-mankib... To one side are the English classrooms."

All the way at the end is the semi-detached computer building where Riyadh's computer experts impatiently tap out their formulas.

More than 2,000 students have earned diplomas in banking and in supplementary courses such as English and computing.

Generally regarded as superior to similar institutions elsewhere in the region, the center is open to other Gulf nationals as well as Saudis — provided they are already active in banking.

It offers courses on 28 subjects lasting from two weeks to two years.

"We make no distinction between employees from SAMA or those from commercial banks," said Soltan M. Momenah, the center's director.

He reports directly to Sheikh Hamad Al-Sayari, acting head and vice-governor of SAMA.

Mr. Momenah attributes much of the center's growth to Sheikh Sayari's personal attention.

Enrollment is climbing. Nearly half of the center's graduates have attended within the last three years. This corresponds to the increased Saudi staff of Saudi Arabia's banks, mainly the Kuyad Bank and the National Commercial Bank.

The second business ever, with commitments rising from 1.3 billion Saudi riyals (\$373 million) to 1.6 billion riyals (\$460 million). The loans are getting larger and the projects more complex.

"In the early days we were talking about block plants and plastic bag factories," an official said.

"Now they tend to be complex chemical and engineering projects." Interest is also shifting into intermediate goods. The development fund has also had inquiries about downstream petrochemical projects at Jubail.

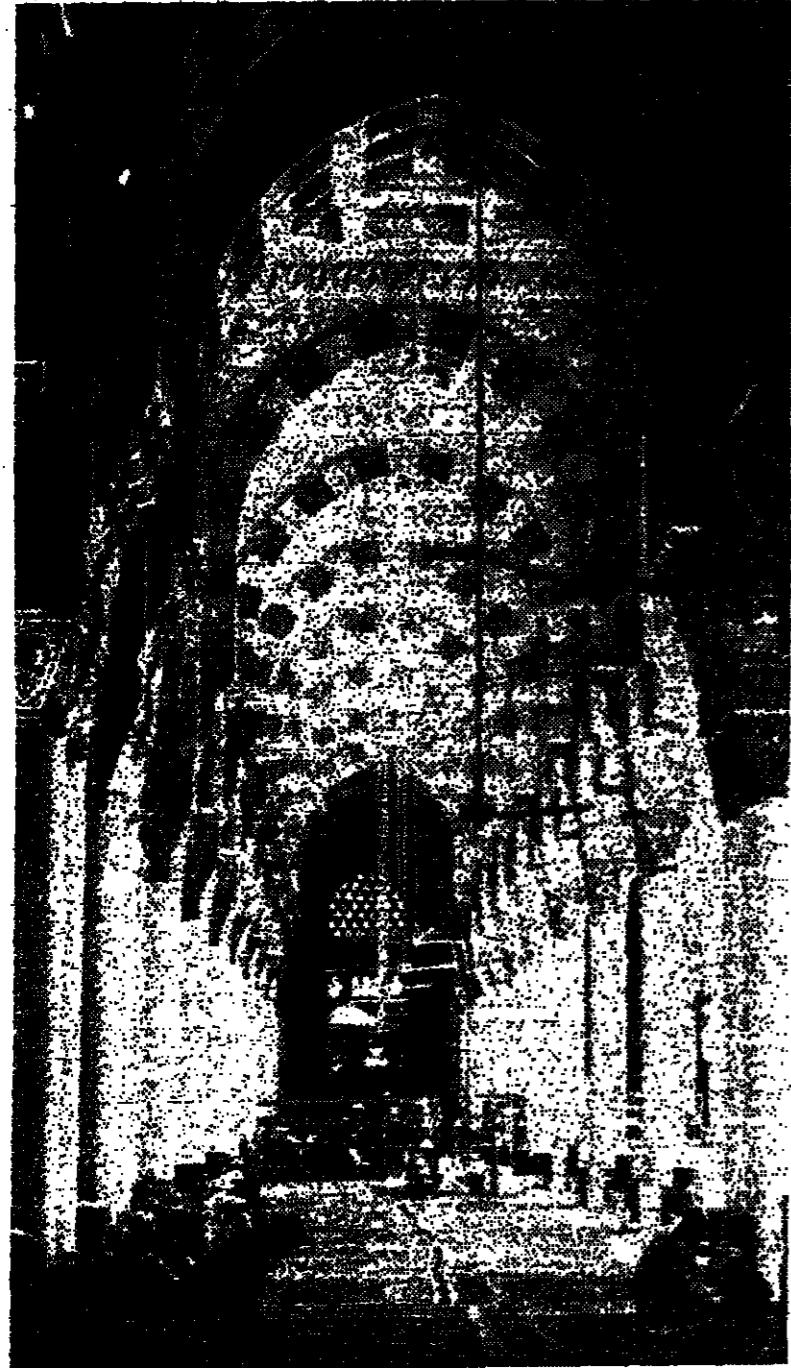
However, in the main the private sector is waiting to see how the Saudi Arabian Basic Industry Corp. manages its production and marketing before taking the plunge.

Another significant trend is the increasing profitability of ventures backed by the development fund. In the three years to fiscal 1982-1983 their turnover increased 60 percent to 23 billion riyals (\$6.6 billion) while profits as a percentage of turnover improved from 10 to 14 percent.

Not all industrial ventures pass through the fund's hands. The kingdom's total installed industrial capacity is around 20 billion riyals (\$5.7 billion), of which risk capital accounts for around 8 billion to 9 billion riyals (\$2.3 billion to \$2.6 billion). Some with ready

(Continued on Page 13)

The Pace of Progress in Saudi Arabia is outstanding BINLADIN HAS A HAND IN IT



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SAUDI ARABIA

Power Grows in World Financial Markets

By Richard P. Mattioli

WASHINGTON — The oil-price shocks of the last decade brought Saudi Arabia a larger role not only in world energy markets but also in world financial markets. At the same time this expanded role has kept the spotlight on Saudi financial moves and on the Saudi Arabian Monetary Agency (SAMA), which manages most of the government's foreign assets.

Saudi Arabia had a cumulative current-account surplus from 1974 to 1982 of \$160 billion to \$170 billion, including government and private-sector claims. SAMA itself held close to \$130 billion in mid-1982, although this figure may include some investments decided by other parts of the government and only administered by SAMA. The Saudi Fund for Development has been another public-sector agency with sizable foreign "assets"; it had already disbursed almost \$4 billion by the end of 1982.

Private-sector funds are also substantial, even if their size is small when compared to SAMA's holdings. Commercial banks held \$15 billion to \$16 billion in gross foreign assets in 1982, although their net position was much smaller. Other private sources, including several Saudis reputed to be among the world's richest individuals, probably account for another \$10 billion to \$12 billion of overseas investments. While private investors have also been involved in a number of interesting transactions, the rest of this article will focus on government investments.

Oil and development policy provide the basic economic framework within which Saudi investment decisions are made. The pivotal role of Saudi Arabia in world oil markets imposes a severe constraint on Saudi financial decisions. This has led to variations in production, which in turn to even greater variations in the value of oil revenues and current-account surpluses. Development factors are also important. Though often characterized as a low absorber of revenues, both expenditures and the growth rate of spending have been quite high since the first oil-price shock.

Oil and development policies influence financial decisions in many ways. The direct effects are clearest: Any surplus of revenues over expenditures must be invested, and any deficit must be covered by drawing on the interest or principal from the financial reserves. Indirect effects stem from the need to structure Saudi

reserves so that they are available for future needs. These effects can be large. The budget deficit in fiscal 1983-84 may be as high as \$20 billion; yet in previous years budget surpluses have exceeded \$30 billion.

Traditional financial variables, such as risk and rate of return, operate within these economic bounds and any other bounds dictated by political considerations. The most important result has been a heavy emphasis on the liquidity and safety of investments. Once these two financial criteria had "screened" an investment, it was then possible to weigh considerations of diversification and rate of return.

SAMA first faced the serious problem of what to do with such surplus funds when oil revenues soared following the 1973 price increase. Gearing up for new development spending would take time, so the only short-term options concerned how to manage the funds. The Saudis initially followed very conservative procedures in the management of the funds, relying mostly on short-term dollar and Euro-dollar claims in early 1974. These choices were reinforced by the limited availability of short-term claims in other currencies. Later, in 1974, SAMA began buying U.S. Treasury bills, certificates, and medium-term bonds. Eventually, SAMA began accepting private placements of medium-term bonds from U.S. corporations, such as AT&T, IBM, U.S. Steel and various oil companies. SAMA has also purchased small amounts of U.S. equities.

Saudi Arabia seems consistently to have placed a greater emphasis on U.S.-based and dollar-denominated investments than other OPEC producers. This led to frequent predictions of a Saudi move away from the dollar, especially when the dollar was weak in the late 1970s. Finally, beginning in 1980, SAMA made several large and highly publicized non-dollar investments. It must be emphasized, however, that the Saudis continue to use the dollar for perhaps 70 percent of their investments.

One set of moves was into German government securities denominated in marks. Saudi Arabia extended 5.5 billion Deutsche marks (about \$2.7 billion at the time) of credits to the German government in both 1980 and 1981, and made similar loans in 1982. Yet this shift was as much due to a change in German attitudes as to a change in Saudi investment preferences. Prior to 1980 Germany limited access of

foreigners to claims denominated in marks, but official attitudes changed rapidly once the impact of the second oil shock on the German economy became clear. And the Saudis made the loans for rather unsurprising reasons: both Germany and the mark appeared to be safe investments, the chance to make medium-term government-to-government loans meshed well with SAMA's view of appropriate claims, and massive flows of funds into SAMA in 1980 and 1981 forced a diversification outside of dollar securities.

The Saudi interest in Japanese securities was perhaps more sudden. Although Saudi Arabia had made a \$1-billion loan to Japan in 1974, it was not particularly involved in yen securities until 1980. The evolving Saudi interest in Japan was motivated by Japan's obvious economic successes. But it was not until the second oil shock that Japan was forced to open up to Saudi investments. The Saudis then focused on yen deposits and medium-term government securities; they hold about \$3 billion to \$5 billion of deposits and up to \$10 billion of government bonds. SAMA has also purchased corporate bonds and allocated \$1 billion for the purchase of Japanese equities.

SAMA's substantial loans to the IMF meet the same conditions of safety, liquidity and rate of return. They also contribute to the security of the international financial system on which Saudi Arabia depends.

No shift in the basic criteria guiding Saudi financial policy (safety, liquidity and rate of return) should be necessary during the current oil glut. It will be necessary, however, for Saudi Arabia to control spending during this period. SAMA is unlikely to try new sorts of investments, although it is conceivable that other agencies might eventually invest in foreign marketing and distribution channels for the products of the new petrochemical plants. If spending is controlled, and if oil prices do not fall too much from current levels, the country should be able to cover its budget deficits with the interest income and some liquidation of principal from its substantial financial reserves.

Richard P. Mattioli is a research associate of the Brookings Institution in Washington. His book, "OPEC's Investments and the International Financial System," will be available next spring.

Joint Ventures Rise
As Markets Expand

Saudi Arabian Office for Economic Affairs said recently.

Already, a host of "buy Saudi" and "specify Saudi" rules for government purchasing reflect this trend toward encouraging local industry, even if it means limiting trade.

Whether joint ventures will qualify as "Saudi" firms for all official benefits remains unclear.

But the government and Saudi businessmen, especially younger ones looking for a niche, are taking a second look at Saudi Arabia's manufacturing potential.

Already, Sherman-Williams is producing paint in the industrial park in this port city. Aiming at the booming agricultural market, irrigation pumps are being manufactured by the Memphis-based company Layne and Bowler.

All these plants are joint ventures between Western manufacturers and local entrepreneurs—a business approach that is still comparatively new in the kingdom. Now, according to Western embassies, these joint ventures with smaller companies have become a hot opportunity.

For Saudi Arabia, such joint ventures offer local production, technology transfer and—perhaps most important of all—a kind of commitment to the kingdom that is increasingly being demanded of foreign companies. For the foreign partner, a joint venture affords access to Saudi Arabia's cheap financing and growing market. Many companies that have traditionally exported to Saudi Arabia may find they need a local plant in order to avoid being supplanted by a competitor who eventually puts up a plant and then benefits from Saudi measures to protect local industry.

"Joint ventures in Saudi Arabia are not a new idea, but they received impetus this year at a Dhahran conference between Saudi businessmen and government officials in which the government used the forum to urge the well-aided private sector to take a more responsible role in shifting from mere trading to industrial and agricultural investment," a recent U.S. government report on business conditions in the kingdom said.

"American companies interested in industrial development," a U.S. government report said, "should be aware of a new Saudi emphasis on joint-venture industrial projects bringing together medium-size foreign and Saudi companies."

Interest in joint ventures marks a new sophistication in Saudi Arabia's developing commercial climate. Saudi businesses operated at first in the oil-boom economy as agents importing goods or peddling influence, then as sponsors providing local entry for multinational corporations seeking contracts in the kingdom. This initial approach—which remains a lucrative feature of doing business in Saudi Arabia—was natural in a country with a lengthy merchant tradition and little industrial experience.

In a new development, Saudi businessmen are seeking foreign partners willing to invest time, money and technology in creating local enterprises for the market in Saudi Arabia and the Gulf. Many expatriate businessmen think that Saudi Arabia is making an offer they cannot refuse. "Any foreign firm that doesn't get in here in the next five years may miss out on one of the big growth markets of the future—because it may not be able to get into Saudi Arabia at all," an official of the German

Purchase of Arms Linked
To Local Manufacturing

RIYADH—Saudi Arabian officials have said that manufacturers must build factories in Saudi Arabia as part of any future major arms sales to the kingdom. This new purchase condition stems from the Saudi government's eagerness to have major Western corporations take a more permanent industrial stake in the country. The goal, as in civil joint-venture projects, is to transfer technology creating local employment and expanding the nonoil economy, according to Saudi and U.S. sources.

Some form of "offset" or "coproduction" is demanded by many other U.S. arms clients extending from NATO countries to Israel. In these cases, offset usually involves local manufacture of part of a U.S. weapons system in order to bring down the overall price of the arms.

Cost is less of a concern to Saudi Arabia, even though the kingdom is the most lucrative foreign market for U.S. weapons. Saudi Arabia's buying power in defense will give it enormous leverage in getting what it wants—more help in creating new sources of industrial growth in the kingdom.

It is unclear whether Saudi Arabia is seeking military coproduction or simply an industrial offset—say, a joint venture in manufacturing that represented perhaps 3 percent of the purchase price of the weapons system. The new policy is emerging in intense bargaining in contracts to build Saudi Arabia's planned command-and-control system. This major project is being sought by companies such as Litton Industries, Martin Marietta and Northrop. An executive at one of the companies, who asked not to be identified, confirmed that industrial offsets are part of the Saudi package.

Although most U.S. arms sales go through the Defense Department as foreign military sales and U.S. officials are monitoring the current negotiations, there is no indication that the U.S. government would get involved directly in the industrial side envisaged by Saudi Arabia. A senior Pentagon official, who declined to be identified, said: "The Saudis would do better to put both the arms deal and the industrialization deal out to tender separately, than bargain for the lowest price of each one."

JOSEPH FITCHETT

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مكتبة من الأصل

SAUDI ARABIA

Food Processing: Planners Hoping For Major Industry

Special to the IHT
RIYADH — Saudi Arabia, the world's largest oil exporter, is about to begin exporting an entirely different commodity: agricultural products.

High-technology agro-industrial projects combined with massive government financing and subsidy support have brought Saudi agriculture from the subsistence level to that of a food exporter in less than a decade.

Agricultural processing is therefore a good candidate to overtake building materials as the top sector in new demand for loans, according to Planning Minister Firasim Nazer.

To date, however, except for juice canning and date packing, food processing has yet to develop. But the market is available: one major U.S. processing-equipment manufacturer reports that locally canned juice fills just 20 percent of the market.

The same manufacturer recently completed a state-of-the-art can welding factory project in Riyadh—but the cans are for lubricating oil, not for agricultural products.

While farm-implement and food-processing industries are still in the talking stage in the kingdom, farming has become lucrative but

Such agricultural development was spurred by talk of trading "a bushel of grain for a barrel of oil" during the oil crisis of the early 1970s. Fears of a food embargo—which experts predict could starve Saudi Arabia in two weeks—have been the impetus for the budgeting of more than \$2 billion on agricultural and water-development programs during the third five-year plan (1980-1985).

Large-scale agro-industrial projects—including one dairy farm with about 10,000 cows—have brought about most of the increase in production. Heavy emphasis has been placed on such capital-intensive farming methods as center-pivot irrigation systems in which a handful of laborers can farm hundreds of acres of crops.

Critics argue that the scale of farming investment is a misuse of Saudi funds. Many Saudis argue privately that the money would be better spent on industrial diversification, where Saudi Arabia's cheap energy gives it a comparative advantage it lacks in agriculture. The

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Wider Economic Base Emerges

(Continued From Page 11)

al weaknesses—for example, subsidies and the foreign-labor problem.

Subsidies were budgeted to fall this year from 11 billion riyals to 9 billion riyals. Urban bus tickets have been doubled and the price of frozen imported meat raised, and there is talk of raising electricity prices. So far, however, the savings have been negligible. Many believe that the wheat subsidy will have to be lowered as the incentive to wheat growers is such that Saudi Arabia will become a net exporter of wheat next year.

Subsidies strike at the root of the competitiveness of the economy and the extent to which it is to be cushioned from the world outside.

The level of expatriate labor necessary to keep Saudi Arabia's nascent industries competitive will be another major determinant of the type of economy the kingdom eventually develops. Sanitization is being pursued rigorously, and expectations are coming down; young Saudis are seen in jobs that would hardly have seemed imaginable for them two years ago. But the underlying demand for foreign labor remains strong despite the changes.

Saudi business will require compensation for employing more expensive citizens. With 100,000 young

Saudis coming out of the educational system each year, the government will have to be careful to ease some strictures on private business or risk having the young featherbedded in the civil service. The politically delicate question of employing women remains in mothballs. The foreign-labor requirement could be virtually eliminated if women were brought into the labor force.

The problem of foreign labor will be addressed in the fourth five-year plan, which comes into operation in February 1985. The first of a series of meetings by the Council of Ministers was held in October to determine its outlines, and a strategy document will be issued in the new year. Despite recent problems, there is satisfaction at the way the third plan has been implemented.

According to the deputy minister of planning, Hussein Sejani, many projects proceeded ahead of schedule in the first years, and 85 to 90 percent of the plan is complete. With the physical infrastructure in place, the emphasis has shifted to developing the institutional infrastructure to ensure that the needs of the people in the marketplace are transmitted to the decision-makers. Regionalization and greater cost effectiveness are being stressed, therefore.

Private Sector Responds to Challenge

(Continued From Page 11)

cash prefer to press on rather than wait the three to six months it can take to process a development fund loan. Others dislike having to present accounts or the development fund's scrutiny of their joint-venture partners. But this may be changing with the credit squeeze.

As industry becomes more complex and capital-intensive, the need for a properly ordered capital market will grow. To date, the banks have found the returns on Eurodollar deposits too tempting to take industry seriously, but most now have, or are setting up, merchant banking facilities.

In the absence of a stock market, it has been left to Saudi entrepreneurs to raise, as best they can, the loans and venture capital for industrial projects. An interesting development that may be a pointer to the future was the recent creation of the National Industrialization Co., which will be an industrial holding company capable not only of managing its own joint ventures but of taking equity stakes in others and promoting industrial services companies.

As the kingdom moves into a period in which the government's privatization plans and agriculture will

be competing with industry for private capital, the extent to which the Saudi private sector will draw on the estimated more than \$30 billion it holds abroad could determine the success of the government's policies. It will depend on the perceived security and profitability of domestic investment. How far the private sector will be able to prevail upon the government to cushion it from the worst effects of foreign competition will be a crucial pointer.

The expansion of the domestic market to include the Gulf Cooperation Council states is welcome, but there have been complaints that the government is not doing enough to pass business the Saudi private sector's way or to curb dumping through Kuwait and Bahrain. Still, according to one Riyadh consultant:

"The big boys are resisting calls for protectionism. They know that government help only comes with strings." The key point is that there is now a significant number of large Saudi businesses prepared to compete in the international market. They are the natural allies of the government in its battle to make Saudi industry more competitive. But in the recurrent calls for protectionism there will inevitably be some give and take.

— ALAN MACKIE

SAMA's Role in Funding Budget Deficit

RIYADH — The most critical dilemma facing Saudi Arabia's finance minister, Mohammed Ali Abdul-Khalil, is funding the kingdom's largest budget deficit.

Along with a drastic cut in government spending dipping into the billions of foreign assets held by the Saudi Arabian Monetary Agency (SAMA) appears to be the best way out.

In practice, the main burden of the budgetary deficit falls on private businesses, which have increased their overall demand for loans by 20 percent this year and

stepped up the frantic search for suppliers' credit abroad.

Short of prompt government payments and fast turnover on their inventories, trading as well as contracting firms are resorting openly to deferred payments in lieu of cash for their imports. So the problem comes back to SAMA and its readiness to draw down reserves.

But pressure is building to slow the drawdown on foreign reserves and make ends meet in a new way.

The most widely discussed possible innovation involves a plan to issue treasury bills.

SAMA worked extensively on

the project starting last summer,

and the first action was expected to be taken by most bankers in late October.

Ninety-day bills were to be sold through weekly auctions

and could have netted about 500 million riyals.

The goal was to get an estimated 6 billion riyals in local liquidity over a three-month period.

This amount would not have been

enough to fund the whole budget deficit, but it would have substantially relieved the drawdown of foreign reserves.

running about 6 percent behind last year's. On the other hand, oil income, put at \$47.8 billion in the budget estimates, may hardly exceed \$40 billion.

So the drawdown process continues. It started in April with the cooperation of the U.S. Federal Reserve Board.

Some reliable sources estimate that more than \$6 billion of assets so far have been liquefied, apart from SAMA's regular foreign-investment income, projected this year at \$11 billion.

Most of the drawdown would have taken place during the summer as a result of the depressed oil sales recorded in the spring. There is usually a lag effect of 45 days between sales and effective payments. No official comment could be obtained on the size of the SAMA drawdown.

Although some close observers of the kingdom expressed surprise at the speed of the drawdowns, most agree with Riyadh's forecast that the total withdrawal will reach at least \$10 billion for the fiscal year ending on April 4, 1984.

— ROBERT POULIOT

Development Aid for Remote Areas

(Continued From Page 9)

years, many emigrated to the oil-rich Eastern Province.

People are now returning, lured back by the network of roads that bisects the steep mountains and the network of facilities spreading out from the Abha-Khamis Machil core.

Initially, the source of local prosperity from the oil wealth was an agricultural boom fueled by myriad government subsidies. But farming growth is confined by the broken terrain, and industrial potential is limited by distances from markets. So the long-term hope for Asir is tourism, attracting Saudi and expatriate visitors.

Already Asir boasts Saudi Arabia's first national park—a showcase covering 1.3 million acres (520,000 hectares) where the U.S. Park Service has helped set up campgrounds and lookout points giving visitors a series of stunning vistas on the spectacular escarpment rising from sea level to juniper-covered mountainsides to barren peaks.

Despite its singularities, Asir fits the emerging pattern of regional development in the kingdom.

Each populated area has been graded as a regional center such as Abha-Khamis Machil, as a local town such as outlying towns here, or as scattered settlements like so much of Asir—and promised corresponding access to government and municipal funds.

Typically, too, a chamber of commerce has just opened in Abha, providing a local business body to lobby the government and facilitate contact with foreign companies. Local businessmen are actively seeking contractors for housing and other construction, for agro-business ventures and—as throughout the kingdom—for companies to provide services. In Abha, tourism is the service industry, a unique situation in the kingdom. But other services, for example, mainte-

nance and operations and management, are also in demand.

Throughout the kingdom, the new Saudi regional planning approach faces some difficult choices. Long-established families often are reluctant to move, even within the same emirate. This immobility is frustrating to most Saudi decision-makers, who argue that spending should be focused on localities with water or other resources, that people should be made to move to local growth poles capable of acquiring regional economic resources. While the government continues to dole out funds to petitioners who want to stay put, officials say privately they hope the younger Saudi generation will voluntarily gravitate to places offering broader opportunity.

Whatever the planning uncertainties, the political commitment to regional spending appears irreversible, and foreign businessmen are starting to spend time seeing provincial officials, entrepreneurs and merchants.

The Saudi-British Joint Commission reported growing opportunities in Abha after visiting Asir last December. The U.S. Embassy regularly organizes familiarization trips—with interpreters—to the main provincial cities for business. German companies appear even further along in making contacts and contracts in the provinces.

This first-hand exposure to provincial political and business leaders and the local outlook provides the most realistic picture of upcoming opportunities, according to consultants and businessmen in the kingdom.

A word of warning: Projects may be shaped by the recommendations of prominent and influential men on the spot such as Prince Khaled. But the contracts, even for municipal projects such as sewerage, are still assigned by the ministries in Riyadh.

— JOSEPH FITCHETT

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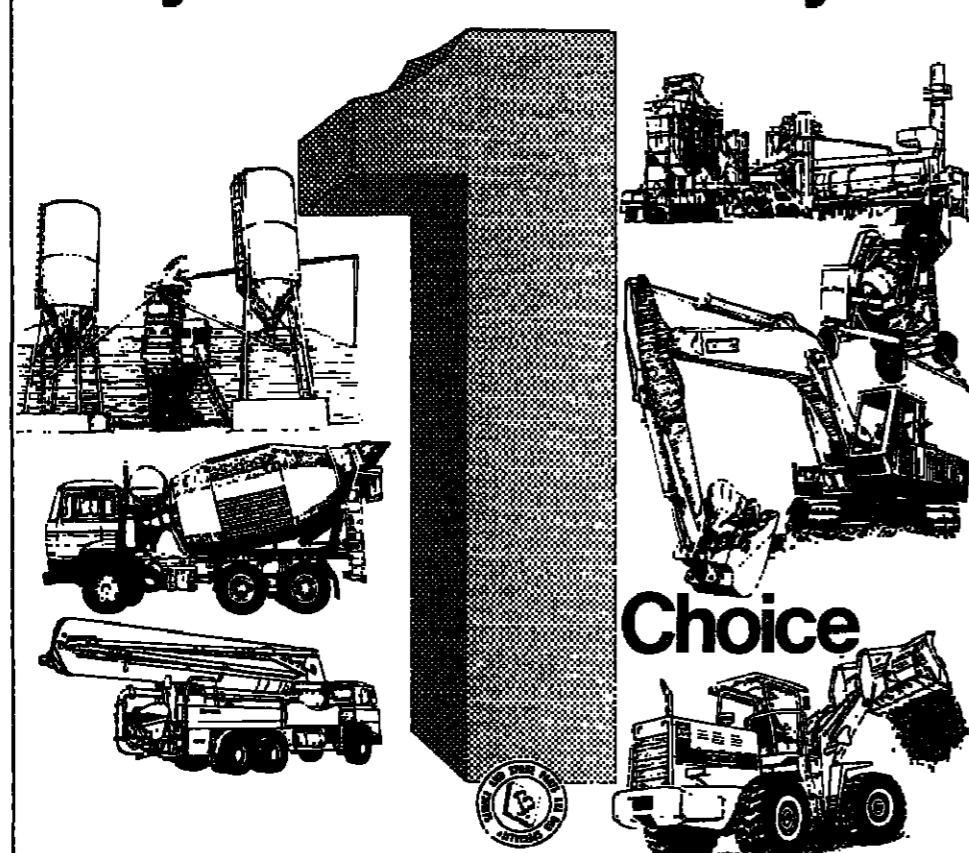
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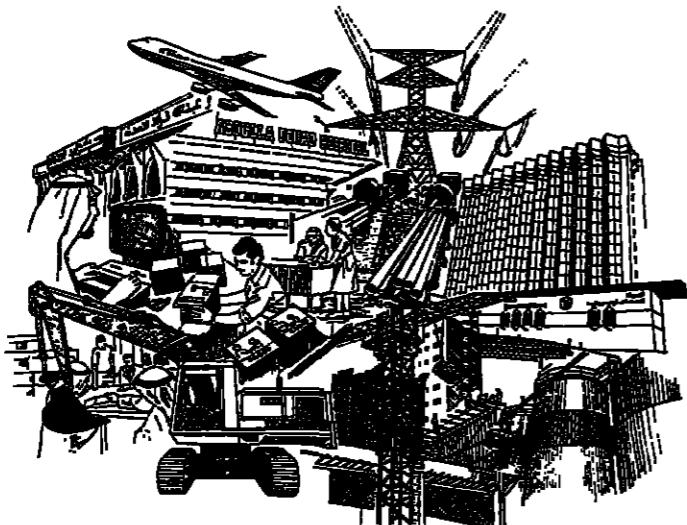
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Petrochemicals From Jubail Face Tough Market Climate

JUBAIL — Every morning a line of 40-ton trucks assembles by the Samad plant in Jubail industrial city, ready to transport fertilizer to Iraq. It is an expensive means of transportation, but Iraq's circumstances dictate it, and Saudi Arabia is anxious to sell its petrochemicals to whomever will buy.

Samad is the second petrochemicals plant to come on stream in Jubail's multibillion-dollar complex and it is finding difficulty moving production. After nine months the new silo holding 70 days' production is full and the plant has been operating at a little more than 60 percent of its 1,600-ton-a-day capacity.

Samad's difficulties may be temporary, but they underline the tough market climate in which Jubail's industries will be operating — so different from the experience of the normal run of Saudi companies serving the local market. Since the fertilizers needs of the local market are more than covered by an existing company, the Saudi Arabian Fertilizer Co. (SAFCO) in Damman, Samad's production must be geared exclusively for export.

Saudi Arabia is going to need top marketing skills to meet the challenge of selling its petrochemicals production on an oversupplied world market where protectionist pressures are building.

Although most of Saudi Arabia's big new export industries have agreements with their foreign joint-venture partners that at least tacitly commit the various multinationals to market any unsold production, Saudi Arabia's own political clout will be a key factor in the success or failure of its industrial export strategy.

To confound the pessimists, the first Jubail petrochemicals plant to go into production, Ar-Razi, the Saudi methanol company, is off to a flying start, operating at 7 percent above its 600,000-ton-a-day design capacity and talking of acquiring two 15,000-ton methanol storage facilities in Rotterdam and Sin-

gapore to serve small customers.

Still, too much should not be read into Ar-Razi's success. It is lucky, through its joint-venture partner, Mitsubishi, to be locked into the Japanese market where a large part of Saudi methanol production is targeted. But the prognosis for methanol sales, in general, is obscure. SABIC is launching a similar-size methanol plant with Celanese and Texas Eastern as partners, and has a stake in the Bahrain-based Gulf Petrochemicals Industries Co., which will start producing methanol in 1985. The total production will test Japan's capacity to absorb, as well as SABIC's marketing skills.

Its main problem will be marketing polyethylene and ethylene derivatives.

By the end of 1986 — the plants come on stream a year earlier but will not initially be operating at full capacity — SABIC companies will be producing 1.6 million tons a year of ethylene derivatives. Few markets can absorb these products in such quantities, and a large part of production, perhaps as much as 25 percent, could be destined for Europe, which is vulnerable because its own petrochemicals industries have adapted least to the challenge of the new generation of European and Third World basic petrochemical producers. Japan has already restructured its petrochemical industry to take account of Saudi Arabia's arrival in the market.

Europe is alarmed, and the first shots in what so far has been a war of words were fired by Minister of Industry Abdel-Aziz al-Zamil last month. He told the European Community that Saudi Arabia expected the Community's tariff barriers of 12 to 18 percent on Saudi petrochemical imports to be lowered to give equal treatment with the 3 to 4 percent tariff imposed

on European producers.

But all these arrangements will reflect, in practice,

foreign companies' desire to please Saudi Arabia by helping the kingdom's exports improve their market share.

In the longer run, SABIC will be seeking to diversify into markets in North Africa and South and Southeast Asia.

As a downstream secondary petrochemicals industry develops, domestic consumption could also pick up appreciably.

— ALAN MACKIE

Looked at more broadly, marketing — in principle — is split evenly between SABIC and the joint-venture partners, with variations as to how much the partner takes of SABIC's share. For instance, SABIC's partner in Samad, the Taiwan fertilizer company, takes 60 percent of production. Mitsubishi takes 50 percent of Ar-Razi's production and then matches SABIC's sales for the remainder.

Already, the three U.S. partners have agreed to help out. Pecon, a subsidiary of U.S. Steel, has agreed initially to take all production from its plant, and Exxon nearly all from its plant. Mobil has only begun negotiating its marketing agreement.

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BUSINESS/FINANCE

MONDAY, DECEMBER 12, 1983

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EUROBONDS

By CARL GEWIRTZ

The Absence of Straight Dollar Bonds Underscores End of Fixed-Rate Market

PARIS — For the first time since late August, the Eurobond calendar is void of straight dollar bonds — a belated recognition by issuing houses that the market for fixed coupon paper died a month ago.

The last straight bond that can be said to have been accepted by the market was Security Pacific's 11% five-year notes issued in mid-November. Priced at par, those notes ended the week at a mid-price of 99, for a yield of 12.03 percent.

The other recent offerings are all at substantial discounts.

The European Investment Bank's 11½s of 1990, offered at par, trading at 96 to yield 12.21%. McDonald's 11½s of 1994 are at 97, yielding 12.13 percent, and the warrants to buy 11½ percent bonds are virtually unchanged at \$17.

Investment bankers now say the fixed-rate market is closed until the new year.

The exception of fixed-rate Deutsche mark bonds has been quite better. But stuck with their pre-set, month-long calendar, the new issues have continued to be offered despite all the evidence that buyers are not interested.

America International sold 100 million DM (\$36.4 million) of eight-year notes at par bearing a coupon of 8½ percent and ended the week at 97½ for a yield of 8.65 percent. (See New Eurobond Issues chart, Page 17.) Mefag Finance sold 50 million DM of 10-year bonds bearing an 8½ percent coupon at a discount of 99½ to yield 8.36 percent but ended the week at 97½ for a yield of 8.63 percent.

Dealers said both issues suffered because the companies are not well known. In addition, America is a sour name for portfolio managers sitting on its dollar paper issued earlier this year which is trading at a steep discount.

South Africa, which sold 200 million DM of 8½ percent bonds at 99½ to yield 8.63 percent, ended the week at 98½ to yield 8.77 percent.

Olivetti Offering

This week the current calendar will close with an offering of 100 million DM from Olivetti. On Wednesday, the capital market subcommittee will meet to set the calendar for the coming four weeks.

With the mark trading at a 10-year low against the dollar and widely forecast to fall further and with the dollar market seized simultaneously by fears that interest rates will be driven higher, it is difficult to see where the demand will come from to support the establishment of a large calendar for January.

In contrast to the straight-bond market, floating rate notes continued to be offered and well received. Creditanstalt and Hydro Quebec both sold 10-year notes bearing interest at ½ point over the six-month interbank rate.

Hydro Quebec's front-end fees of 1 percent mean that its cost to borrow \$200 million will total 22½ basis points over Libor. Creditanstalt, which paid a front end fee of only ½ percent, will pay 17½ basis points over Libor.

International Herald Tribune

Dr Pepper Rejects Bid From Honolulu Concern

The Associated Press

buy the common stock outstanding in the soft drink company for \$22 a share.

A statement by Dr Pepper Saturday said the committee reported that "it would be unreasonable for us to abandon a \$22 opportunity for our stockholders which could be realized by the end of February in favor of an uncertain DPCC proposal which is unlikely to occur for several additional months, if at all."

Pursuing the DPCC bid could jeopardize the existing agreement and could well mean that no transaction would be consummated, the committee said.

On Friday, Forstmann Little advised Dr Pepper that it had completed loan transactions for its cash purchase of the stock. Dr Pepper officials said.

If stockholders approve the Forstmann Little offer, Dr Pepper's senior management would maintain a 20-percent interest in the Dallas company.

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NEW EUROBOND ISSUES

Issuer	Amount (millions)	Maturity	Coupon %	Price	Yield At Offer	Terms
Alpea Int'l. Magdal Finance Company	do100 do150	1991 1994	8½ 8½	100 99½	8½ 8.36	First callable at 101½ in 1988. Callable at 102 in 1990. Sinking fund to start in 1992 to produce a 9½-yr average life. Payable Jan. 1.
South Africa	do200	1991	8½	99½	8.63	Noncallable.
European Community	do50	1993	11	100	11	Sinking fund to start in 1985 to produce a 6½-yr average life.
EIB	do50	1989	10½	100½	10.43	Noncallable. Payable Jan. 5.
EIB	do25	1999	10	91	11.27	Sinking fund will operate in first 5 years and reduce 28% of amount, producing an 11.5-yr average life. Payable Jan. 5.
Sté Développement Rég.	do20	1990	11½	100	11½	Noncallable. Sinking fund to start in 1986 to produce a 5-yr average life.
Sté Développement Rég.	do20	1995	11½	100	11½	First callable at 102 in 1991. Sinking fund to start in 1991 to produce a 10-yr average life.

Rescheduling of Philippines Debt Suffers Setback

By Carl Gewirtz

International Herald Tribune
PARIS — The planned new loan and rescheduling of some \$2 billion owed by the Philippines was set back last week when bankers and the government got into a dispute over some key economic data.

As expected, Algeria's syndicate

SYNDICATED LOANS

ed. loan was increased a second time and now totals \$600 million. While the two increases were intended as a public relations exercise to demonstrate the great demand for Algerian paper (the government was known to want that amount from the outset), the second \$50-million increase was achieved only after some members of the syndicate were pressured by the government to step up their commitment.

Ireland's Iseimur is back in the market seeking \$100 million. The market is in two parts with \$30 million of general finance being raised for six years with interest set at 4½-point over the London interbank offered rate for the first three years and ½ over Libor thereafter.

The remaining \$70 million, which is to be used to finance export contracts, will be available to draw through September and will run for eight years. Interest will start at 4½-point over Libor for the first two years and ½ over there-

after.

The Italians will pay a ½-point commitment fee on both portions and fees for participation of \$5 million split between both portions will total 40 basis points and 35 basis points for lenders participating only in the six-year arrangement.

Ireland is also back in the market, raising \$100 million for 10 years. Interest is set at ¾-point over the interbank rate for the pound for the first three years and ¼-point over for the remainder. However, bankers report that the demand for sterling-denominated paper, which for technical reasons was very strong early in the autumn, has been keeping records in 1986.

Spain's Iberduero is reported to be looking for as much as \$170 million.

A small \$16-million loan is being organized for CTA to build luxury apartments in a new tourist resort being built near Tunis. Saudi Research & Development Corp., parent company of CTA, is guaranteeing the 5½-year loan. Interest will be set at 1½ points over Libor and front-end fees total 1 percent for participations of \$2 million.

to the real economy have been re-established. Others are not.

"I myself feel quite comfortable with our current approach in the present circumstances," Mr. Solomon said. "The changing character of the monetary aggregates not only requires more flexibility in setting — and resetting, if need be — the long-term targets. It also argues for a less mechanistic response to their shorter-term movements."

Such sentiments will do little to relieve the anxieties of a money market looking for clearer signs of what the Fed is up to each day.

Massey May Purchase Some of Rolls-Royce

London — Massey-Ferguson Ltd. will buy the civil and military diesel business of Britain's Rolls-Royce Ltd. in a transaction valued at some £20 million (\$28.6 million), it was reported Sunday.

London's The Sunday Times newspaper said the agreement followed lengthy talks involving the British and Canadian governments.

Massey's chief, Victor Rice, will visit Britain Wednesday to finalize the agreement, it added.

(Continued From Page 15)
securities must set aside a certain portion of their deposits as a reserve, either in the form of vault cash or as non-interest-bearing deposits at Federal Reserve banks. For the banking system as a whole, the Fed is the only source of reserves, which it supplies by purchasing government securities for cash.

Institutions short of required reserves can borrow them from other institutions — paying an interest rate known as the federal funds rate — or from the Fed. But some institutions always end up with more reserves than they need. If the figure for such "excess reserves" is subtracted from the level of reserves borrowed from the Fed, the result is called "net borrowed reserves." Some analysts also may adjust the level of borrowing from the Fed to eliminate "seasonal" credit extended to some institutions, such as those in agricultural areas.

Beginning in early November, the level of net borrowed reserves jumped up \$250 million or so and stayed high for several weeks. Analysts were surprised, and gradually many became convinced that the Fed had tightened slightly. The dis-

cerners, such as Charles Lieberman of Shearson-American Express, said the movements were simply not large enough to be conclusive.

Meanwhile, the federal funds rate was not rising particularly and, in the last two weeks of November, it actually dropped to an average of just over 9.25 percent, about 0.1 to 0.2 percentage points lower than it had been through most of October and November.

When asked recently in New York whether the Fed had tightened, the Fed's chairman, Paul A. Volcker, replied, "There haven't been any major changes in posture."

That wasn't categorical enough for some anxious market participants, however, and they quickly noted the word "major" did not rule out the sort of minor change they thought had occurred.

Federal Reserve officials are both bemused by and concerned about the tendency of market participants at times to overinterpret the financial tea leaves of Fed policy. As changes in the federal funds rate have become much smaller than they were in the 1979-to-1982 period, the markets have become more sensitive to nuances and subtleties of Federal Reserve market operations. In this case, the

analysts spied a change that did not occur, Fed sources say.

"The market is so anxious that it is whipping itself around," said an analyst for a major government securities dealer. "Movements in rates are being reversed rather quickly, and often the last guy to start over for the remainder. However, bankers report that the demand for sterling-denominated paper, which for technical reasons was very strong early in the autumn, has been keeping records in 1986."

Another analyst based in Boston noted that prices for long-term bonds have not improved recently and said that the market has every reason to be anxious.

At its February meeting, if not this week, the FOMC again will have to decide how much weight to put on the monetary aggregates M-1, M-2 and M-3 as intermediate targets for the real economic goals it is seeking. This year, M-1 was given only a "monitoring" range, while the broader aggregates were given official target ranges. The three aggregates have moved in somewhat diverse ways this year.

Progressive deregulation of financial institutions and the type of deposits they can offer has affected movements of the aggregates in different ways and made their meaning less certain than in the past. Some FOMC members are confident that the distortions of M-1, at least, are over and that its links

All the securities having been sold, this announcement appears as a matter of record only.

7th December, 1983

THE SEIYU, LTD.

(Kabushiki Kaisha Seiyu)



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Issue Price 100 per cent.

Nomura International Limited

Algemene Bank Nederland N.V.

Dai-Ichi Kangyo International Limited

Lloyds Bank International Limited

The Nikko Securities Co., (Europe) Ltd.

Banque Nationale de Paris

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The Notes have been issued with the benefit of a put option under which Noteholders can require the Put Option Banks (as defined in the Trust Deed relating to this issue) to purchase Notes at their principal amount on any Interest Payment Date.

Mesa Chief Challenges Report on Gulf Trust Plan

United Press International

AMARILLO, Texas — T. Boone Pickens Jr., chairman of Mesa Petroleum Co., has challenged a report prepared by Morgan Stanley & Co. that concluded a royalty trust would not greatly increase the value of Gulf Oil Corp. stock, and has accused Morgan Stanley of inconsistency.

Mr. Pickens, whose Mesa-led investment group owns about 13 percent of Gulf stock, has proposed that Gulf spin off earnings from its

U.S. oil and gas properties into a type of tax shelter known as a royalty trust.

Mr. Pickens maintains that distributions from the royalty trust plus the remaining Gulf stock would be valued at \$70 to \$80 a share before taxes.

But an analyst for Morgan Stanley, the New York investment banking firm, said the value of Gulf stock would only be about \$50 a share before taxes if the royalty trust were adopted. Gulf stock now

is selling for about \$43 a share. Mr. Pickens said Friday that earlier this year Morgan had represented Mesa in a study on how royalty trusts could be distributed by two major oil companies in connection with possible business combinations with Mesa.

At that time, Morgan advised Mesa that royalty trust distributions could create "substantial valuation and increased cash flow to shareholders while avoiding the double-taxation." Mr. Pickens said.

The inconsistency of the analyses prepared by Morgan Stanley while advising Mesa and the recent analyst's report on Gulf Oil raises serious questions about the objectivity and motives of Morgan Stanley," Mr. Pickens said.

Foreign-Car Recalls in U.S. Exceed Domestic Ones

By Warren Brown

Washington Post Service

WASHINGTON — Foreign automakers will recall more vehicles than their domestic competitors this year for the first time in the history of the federal government's auto-safety program.

Nearly 2.9 million imported vehicles were recalled between Jan. 1 and Dec. 1, compared with 2.5 million U.S. models. Most of the recalls were voluntary.

Unless there is a major domestic recall between now and the end of the year — a remote possibility — foreign vehicles will finish ahead of domestics in annual recalls, for the first time since the National Highway Traffic Safety Administration began keeping records in 1966.

Auto industry officials and analysts say the turnaround does not mean a degradation in the overall quality of foreign vehicles sold in the United States. Instead, the consensus is that the imported vehicles have become the victims of their own success.

More imported vehicles are being sold in the United States than ever before. For example, the imports' share of the U.S. auto market has risen from 0.5 percent in 1983 to 2.6 percent today. The larger the vehicle population, the greater the chance for defects to show up in that population, industry officials and analysts say.

The imported car population in the United States also is growing older. Thus, German and Japanese gas savers that Americans snapped up during the energy crisis of the 1970s are beginning to display some built-in problems, officials say.

More foreign automakers are introducing completely new models in the U.S. market earlier than in the past, when the models arrived in the United States with obvious bugs worked out. As domestic markets become saturated, the U.S. market is a good alternative, and Japanese and other foreign automakers are shipping their new cars to the United States faster.

The vice president of Subaru of America, Alan B. Ross, said: "We see recall activity as a pursuit of the most total customer satisfaction. We don't see recalls as a stigma."

The public relations director for Honda in Washington, Toni Harrison, said: "Many foreign companies have been more willing to recall their cars, rather than have a problem dragged through the mud."

But consumer advocates at the Washington-based Center for Auto Safety are critical of Honda. The center, a longtime irritant to domestic and foreign automakers alike, has accused Honda of ignoring many customer complaints about premature rusting on 1975-1980 Honda cars, and of taking a less-than-noble attitude toward

Cabbages Patch Kids' creators could not be immediately reached for comment.

Children's demand for the cuddly, stuffed dolls has all but exhausted the supply and has reportedly started riots in shopping malls over the few that remain. Cabbages Patch Kids have a belly button, fingers, toes and disposable diapers and come with adoption papers and a birth certificate. The Flower Kids lack those features, Mr. Friedland said.

But Paul Friedland, a lawyer for Blue Box, denied the charges, saying the dolls were distinctly different. "We submit our dolls are not as homely as the Cabbages Patch Kids," he said.

On Saturday, Judge Abraham Sofaer denied a request for a temporary injunction against production of the Flower Kids.

Lawyers for the Cabbages Patch Kids' creators could not be imme-

diately reached for comment.

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The Flower Kids lack those features, Mr. Friedland said.

Volume : 32,700,000 shares
Year to Date : 1,981,500,000 shares
Last week : 40,000 shares
1982 to date : 28,203,745,999 shares
1983 to date : 12,571,360,000 shares
New Name : 42 ; New lows : 27

Consolidated Trading Of AMEX Listings Week Ended Dec. 9

Volume : 474,500,000 shares
Last week : 301,070,000 shares
1982 to date : 46,494,000 shares
1983 to date : 12,294,610,000 shares
New Name : 131 ; New lows : 123

Kreditlux Indices Dec. 8

(Base 100 May 1, 1977)

Industrials : 99.745

Int'l Institutions : 98.153

Construction : 102.973

Utilities : 102.223

UCI : 102.179

UCI 9 : 102.179

Gold : 111.425

FF : 122.123

TEC : 102.027

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Gold Options (Prices in \$/oz.)

Sales In
100s High Low Last Chg
(Continued from Page 18)

	Net	High	Low	Last	Chg
Mer. 12	161	1114	1115	1115	-1
Mer. 13	162	1105	1092	1092	-2
Mer. 14	163	1105	1092	1092	-2
Mer. 15	164	1105	1092	1092	-2
Mer. 16	165	1105	1092	1092	-2
Mer. 17	166	1105	1092	1092	-2
Mer. 18	167	1105	1092	1092	-2
Mer. 19	168	1105	1092	1092	-2
Mer. 20	169	1105	1092	1092	-2
Mer. 21	170	1105	1092	1092	-2
Mer. 22	171	1105	1092	1092	-2
Mer. 23	172	1105	1092	1092	-2
Mer. 24	173	1105	1092	1092	-2
Mer. 25	174	1105	1092	1092	-2
Mer. 26	175	1105	1092	1092	-2
Mer. 27	176	1105	1092	1092	-2
Mer. 28	177	1105	1092	1092	-2
Mer. 29	178	1105	1092	1092	-2
Mer. 30	179	1105	1092	1092	-2
Mer. 31	180	1105	1092	1092	-2
Mer. 1	181	1105	1092	1092	-2
Mer. 2	182	1105	1092	1092	-2
Mer. 3	183	1105	1092	1092	-2
Mer. 4	184	1105	1092	1092	-2
Mer. 5	185	1105	1092	1092	-2
Mer. 6	186	1105	1092	1092	-2
Mer. 7	187	1105	1092	1092	-2
Mer. 8	188	1105	1092	1092	-2
Mer. 9	189	1105	1092	1092	-2
Mer. 10	190	1105	1092	1092	-2
Mer. 11	191	1105	1092	1092	-2
Mer. 12	192	1105	1092	1092	-2
Mer. 13	193	1105	1092	1092	-2
Mer. 14	194	1105	1092	1092	-2
Mer. 15	195	1105	1092	1092	-2
Mer. 16	196	1105	1092	1092	-2
Mer. 17	197	1105	1092	1092	-2
Mer. 18	198	1105	1092	1092	-2
Mer. 19	199	1105	1092	1092	-2
Mer. 20	200	1105	1092	1092	-2
Mer. 21	201	1105	1092	1092	-2
Mer. 22	202	1105	1092	1092	-2
Mer. 23	203	1105	1092	1092	-2
Mer. 24	204	1105	1092	1092	-2
Mer. 25	205	1105	1092	1092	-2
Mer. 26	206	1105	1092	1092	-2
Mer. 27	207	1105	1092	1092	-2
Mer. 28	208	1105	1092	1092	-2
Mer. 29	209	1105	1092	1092	-2
Mer. 30	210	1105	1092	1092	-2
Mer. 31	211	1105	1092	1092	-2
Mer. 1	212	1105	1092	1092	-2
Mer. 2	213	1105	1092	1092	-2
Mer. 3	214	1105	1092	1092	-2
Mer. 4	215	1105	1092	1092	-2
Mer. 5	216	1105	1092	1092	-2
Mer. 6	217	1105	1092	1092	-2
Mer. 7	218	1105	1092	1092	-2
Mer. 8	219	1105	1092	1092	-2
Mer. 9	220	1105	1092	1092	-2
Mer. 10	221	1105	1092	1092	-2
Mer. 11	222	1105	1092	1092	-2
Mer. 12	223	1105	1092	1092	-2
Mer. 13	224	1105	1092	1092	-2
Mer. 14	225	1105	1092	1092	-2
Mer. 15	226	1105	1092	1092	-2
Mer. 16	227	1105	1092	1092	-2
Mer. 17	228	1105	1092	1092	-2
Mer. 18	229	1105	1092	1092	-2
Mer. 19	230	1105	1092	1092	-2
Mer. 20	231	1105	1092	1092	-2
Mer. 21	232	1105	1092	1092	-2
Mer. 22	233	1105	1092	1092	-2
Mer. 23	234	1105	1092	1092	-2
Mer. 24	235	1105	1092	1092	-2
Mer. 25	236	1105	1092	1092	-2
Mer. 26	237	1105	1092	1092	-2
Mer. 27	238	1105	1092	1092	-2
Mer. 28	239	1105	1092	1092	-2
Mer. 29	240	1105	1092	1092	-2
Mer. 30	241	1105	1092	1092	-2
Mer. 31	242	1105	1092	1092	-2
Mer. 1	243	1105	1092	1092	-2
Mer. 2	244	1105	1092	1092	-2
Mer. 3	245	1105	1092	1092	-2
Mer. 4	246	1105	1092	1092	-2
Mer. 5	247	1105	1092	1092	-2
Mer. 6	248	1105	1092	1092	-2
Mer. 7	249	1105	1092	1092	-2
Mer. 8	250	1105	1092	1092	-2
Mer. 9	251	1105	1092	1092	-2
Mer. 10	252	1105	1092	1092	-2
Mer. 11	253	1105	1092	1092	-2
Mer. 12	254	1105	1092	1092	-2
Mer. 13	255	1105	1092	1092	-2
Mer. 14	256	1105	1092	1092	-2
Mer. 15	257	1105	1092	1092	-2
Mer. 16	258	1105	1092	1092	-2
Mer. 17	259	1105	1092	1092	-2
Mer. 18	260	1105	1092	1092	-2
Mer. 19	261	1105	1092	1092	-2
Mer. 20	262	1105	1092	1092	-2
Mer. 21	263	1105	1092	1092	-2
Mer. 22	264	1105	1092	1092	-2
Mer. 23	265	1105	1092	1092	-2
Mer. 24	266	1105	1092	1092	-2
Mer. 25	267	1105	1092	1092	-2
Mer. 26	268	1105	1092	1092	-2
Mer. 27	269	1105	1092	1092	-2
Mer. 28	270	1105	1092	1092	-2
Mer. 29	271	1105	1092	1092	-2
Mer. 30	272	1105	1092	1092	-2
Mer. 31	273	1105	1092	1092	-2
Mer. 1	274	1105	1092	1092	-2
Mer. 2	275	1105	1092	1092	-2
Mer. 3	276	1105	1092	1092	-2
Mer. 4	277	1105	1092	1092	-2
Mer. 5	278	1105	1092	1092	-2
Mer. 6	279	1105	1092	1092	-2
Mer. 7	280	1105	1092	1092	-2
Mer. 8	281	1105	1092	1092	-2
Mer. 9	282	1105	1092	1092	-2
Mer. 10	283	1105	1092	1092	-2
Mer. 11	284	1105	1092	1092	-2
Mer. 12	285	1105	1092	1092	-2
Mer. 13	286	1105	1092	1092	-2
Mer. 14	287	1105	1092	1092	-2
Mer. 15	288	1105	1092	1092	-2
Mer. 16	289	1105	1092	1092	-2
Mer. 17	290	1105	1092	1092	-2
Mer. 18	291	1105	1092	1092	-2
Mer. 19	292	1105	1092	1092	-2
Mer. 20	293	1105	1092	1092	-2
Mer. 21	294	1105	1092	1092	-2
Mer. 22	295	110			

NEW YORK (AP)— Weekly Over-the-Counter stocks showing the highest gains and losses for the week, with the net change from the previous week. Stocks listed are those supplied by the National Association of Securities Dealers, Inc., are not actual transactions, prices of which these securities could have been paid. Prices do not include retail mark-ups or discounts.

Sales sustained by NASD

Sales in 100s High Low Last Chge Net Chge

A

	100s	High	Low	Last	Chge	Net Chge
AM Fd	1117	72	71	70	-1	-2
AM Imo	1424	6	5	5	+1	+1
AM Ipo	106	7	76	15	+15	+15
AMCbd	326	5	5	5	+1	+1
AMT	336	2	78	5	+5	+5
ATE En	45	11	11	11	+1	+1
ATE M	263	7	7	7	+1	+1
ATM R	106	1	1	1	+1	+1
Atron R	203	14	14	14	+1	+1
Atrix	256	14	14	14	+1	+1
Atsch	142	13	13	13	+1	+1
Atsch S	200	19	19	19	+1	+1
Atsch A	200	19	19	19	+1	+1
Atsch C	200	19	19	19	+1	+1
Atsch D	200	19	19	19	+1	+1
Atsch E	200	19	19	19	+1	+1
Atsch F	200	19	19	19	+1	+1
Atsch G	200	19	19	19	+1	+1
Atsch H	200	19	19	19	+1	+1
Atsch I	200	19	19	19	+1	+1
Atsch J	200	19	19	19	+1	+1
Atsch K	200	19	19	19	+1	+1
Atsch L	200	19	19	19	+1	+1
Atsch M	200	19	19	19	+1	+1
Atsch N	200	19	19	19	+1	+1
Atsch O	200	19	19	19	+1	+1
Atsch P	200	19	19	19	+1	+1
Atsch Q	200	19	19	19	+1	+1
Atsch R	200	19	19	19	+1	+1
Atsch S	200	19	19	19	+1	+1
Atsch T	200	19	19	19	+1	+1
Atsch U	200	19	19	19	+1	+1
Atsch V	200	19	19	19	+1	+1
Atsch W	200	19	19	19	+1	+1
Atsch X	200	19	19	19	+1	+1
Atsch Y	200	19	19	19	+1	+1
Atsch Z	200	19	19	19	+1	+1
Atsch A	200	19	19	19	+1	+1
Atsch B	200	19	19	19	+1	+1
Atsch C	200	19	19	19	+1	+1
Atsch D	200	19	19	19	+1	+1
Atsch E	200	19	19	19	+1	+1
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Atsch J	200	19	19	19	+1	+1
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Atsch Q	200	19	19	19	+1	+1
Atsch R	200	19	19	19	+1	+1
Atsch S	200	19	19	19	+1	+1
Atsch T	200	19	19	19	+1	+1
Atsch U	200	19	19	19	+1	+1
Atsch V	200	19	19	19	+1	+1
Atsch W	200	19	19	19	+1	+1
Atsch X	200	19	19	19	+1	+1
Atsch Y	200	19	19	19	+1	+1
Atsch Z	200	19	19	19	+1	+1
Atsch A	200	19	19	19	+1	+1
Atsch B	200	19	19	19	+1	+1
Atsch C	200	19	19	19	+1	+1
Atsch D	200	19	19	19	+1	+1
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Atsch U	200	19	19	19	+1	+1
Atsch V	200	19	19	19	+1	+1
Atsch W	200	19	19	19	+1	+1
Atsch X	200	19	19	19	+1	+1
Atsch Y	200	19	19	19	+1	+1
Atsch Z	200	19	19	19	+1	+1
Atsch A	200	19	19	19	+1	+1
Atsch B	200	19	19	19	+1	+1
Atsch C	200	19	19	19	+1	+1
Atsch D	200	19	19	19	+1	+1
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Atsch G	200	19	19	19	+1	+1
Atsch H	200	19	19	19	+1	+1
Atsch I	200	19	19	19	+1	+1
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Atsch K	200	19	19	19	+1	+1
Atsch L	200	19	19	19	+1	+1
Atsch M	200	19	19	19	+1	+1
Atsch N	200	19	19	19	+1	+1
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Atsch T	200	19	19	19	+1	+1
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Atsch V	200	19	19	19	+1	+1
Atsch W	200	19	19	19	+1	+1
Atsch X	200	19	19	19	+1	+1
Atsch Y	200	19	19	19	+1	+1
Atsch Z	200	19	19	19	+1	+1
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Atsch E	200	19	19	19	+1	+1
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Atsch H	200	19	19	19	+1	+1
Atsch I	200	19	19	19	+1	+1
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Atsch K	200	19	19	19	+1	+1
Atsch L	200	19	19	19	+1	+1
Atsch M	200	19	19	19	+1	+1
Atsch N	200	19	19	19	+1	+1
Atsch O	200	19	19	19	+1	+1
Atsch P	200	19	19	19	+1	+1
Atsch Q	200	19	19	19	+1	+1
Atsch R	200	19	19	19	+1	+1
Atsch S	200	19	19	19	+1	+1
Atsch T	200	19	19	19	+1	+1
Atsch U	200	19	19	19		

SPORTS

Wiland, Navratilova Take Australian Titles on Straight-Sets Victories*The Associated Press*

MELBOURNE — Mats Wilander of Sweden won the men's singles title at the Australian Open tennis tournament with an unexpectedly easy 6-1, 6-4, 6-4 victory over Czechoslovakian Ivan Lendl Sunday.

Lendl, who had been ailing from a viral infection, seemed lethargic and appeared to lose interest at times. He jokingly offered to concede early in the third set after the Wilander beat him with a superb passing shot.

The tournament's top seed managed to get only three serves into play in the first set and suffered through long baseline battles against Wilander, a clay-court expert.

It was Wilander's second grand slam title and the fourth time Lendl has lost in a final to anyone other than his first grand slam victory.

The third-seeded Wilander, who entered the open to get experience on grass, but neither did I," Wilander said.

Lendl said before the match that the 19-year-old Wilander was doing well on grass and would be hard to beat.

"I am very surprised and impressed with him," Lendl said.

Wilander took home the \$7,500 first-place prize in the year's final grand slam event, while Lendl won \$38,500 as runner-up. The victory also gave Wilander the top spot in the yearlong grand prix points standings and an additional \$360,000. Lendl finished second and received \$400,000.

Said Lendl afterward: "It always hurts to lose. You have to learn to live with it because that is not the first time I've lost and unfortunately it won't be the last."

Lendl started well, serving two aces in his first service game, but immediately found Wilander prepared to play long rallies rather than taking the risk of coming to the net.

In the third game of the match, there were rallies in which the ball crossed the net 17 times, 36 times and 21 times.

In the next game, Lendl failed to

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me to win on grass, but neither did I," Wilander said.

Lendl said before the match that the 19-year-old Wilander was doing well on grass and would be hard to beat.

Lendl announced his retirement Nov. 9, 1982, five months after he had undergone surgery for a detached retina of the left eye.

At the time, he had a 32-1 record with 23 knockouts and held the undisputed welterweight title after voluntarily giving up the WBA junior middleweight title.

"Actually it's the challenge," Leonard said of his decision to fight again, which he said he had reached while working out three or four weeks ago.

"I felt I was denied making history. I see something I'm destined to become. I just don't know what it is."

*Ray Leonard after surgery
...I am back.*

Leonard Says He'll Return to Boxing*The Associated Press*

WASHINGTON — Sugar Ray Leonard, who retired as the undisputed welterweight champion last year after eye surgery, says he will fight again.

"It's not a comeback. I am back," the 27-year-old fighter said Saturday night after he boxed a six-round exhibition against two opponents at Andrews Air Force Base. "Now I have to get into serious shape."

He said his first fight in the comeback would be a tuneup in February or March. An opponent has not been decided upon.

Asked whom he would like to fight, Leonard mentioned several opponents, including Marvelous Marvin Hagler, the undisputed middleweight champion; Roberto Duran, the World Boxing Association junior middleweight titlist; Thomas Hearns, the World Boxing Council super welterweight champion and the two welterweight champs — Milton McCrory and Donald Curry.

When Saturday's six-round exhibition was announced last week, Leonard said, "I just want to stay in shape."

He appeared to be in fighting trim at 151 pounds after boxing three rounds each against Herman Epp and Odell Leonard, who is not related.

Leonard announced his retirement Nov. 9, 1982, five months after he had undergone surgery for a detached retina of the left eye.

At the time, he had a 32-1 record with 23 knockouts and held the undisputed welterweight title after voluntarily giving up the WBA junior middleweight title.

"Actually it's the challenge," Leonard said of his decision to fight again, which he said he had reached while working out three or four weeks ago.

"I felt I was denied making history. I see something I'm destined to become. I just don't know what it is."

*Ray Leonard after surgery
...I am back.*

Bradshaw Leads Steelers to Playoffs*Compiled by Our Staff From Dispatches*

NEW YORK — Terry Bradshaw, playing for the first time this season after suffering complications from an off-season elbow surgery, carried Pittsburgh to at least a wild-card National Football League playoff berth by throwing for two touchdowns in the three series he played and sparking the Steelers' 34-7 rout of the New York Jets Saturday.

Bradshaw, who in his 14-year career has led the Steelers to four Super Bowl victories, threw a 17-yard TD pass to rookie Gregg Hart in the first period and a 10-yarder to Calvin Sweeney early in the second.

Bradshaw sustained a bruise on his injured right elbow throwing the pass to Sweeney and did not return to action.

Cliff Stoudt, who replaced Bradshaw with a 14-0 lead, added touchdown passes of 13 yards to Bennie Cunningham and 18 yards to Sweeney and Gary Anderson had field goals of 29 and 40 yards for the Steelers.

New York's only touchdown was a 27-yard pass from Pat Ryan to Lam Jones in the third period.

Bradshaw underwent elbow surgery in March and aggravated the injury in May.

Reinjuring his elbow early in training camp, Bradshaw was placed on injured reserve and a few weeks ago said he felt his career might be ended.

But on Saturday he looked the Bradshaw of old, completing 5-of-8 passes for 77 yards and the two touchdowns in just 20 plays.

Seahawks 17, Giants 12

In East Rutherford, New Jersey, Dave Krieg capitalized on two turnovers for first-half touchdown passes and Seattle went on a 12-12 triumph over the New York Giants. Seattle (8-7) improved its chances for an American Conference wild-card spot while Chicago won New York, winning once in the last 11 weeks, fell to 3-11-1.

Krieg threw scoring passes of 12 yards to Steve Largent in the opening quarter and 6 yards to Paul Johns in the second as the Sea-

hawks took a 17-6 halftime advantage. Beating the Giants for the first time in four meetings, Seattle limited New York to four field goals by Ali Haji-Sheikh.

Saints 20, Eagles 17

In Philadelphia, Morten Andersen's 50-yard field goal 5:30 into overtime gave New Orleans a 20-17 victory over the Eagles and kept the Saints' hopes for a playoff berth. Andersen had kicked a 52-yarder for a 17-3 lead, but Philadelphia rallied for a pair of late touchdowns.

The Saints started the winning drive from their 32 after a fair catch of a punt. With third down and 12, quarterback Ken Stabler passed 15 yards to Gene Goodwin for a first down at the Saint 45. Stabler then hit Goodwin for 21 yards to the Eagle 34. After New Orleans gained only three yards on the next three plays, Andersen came in to kick the winner.

The Eagles had tied the score, 17-17, with 3:57 remaining in the final period. They drove 58 yards on seven plays, quarterback Ron Jaworski capping the march with a 7-yard pass to wide receiver Harold Carmichael. Philadelphia had a chance to win with 18 seconds left in regulation, but Tony Franklin's 27-yard field goal effort was wide right.

49ers 23, Bills 10

In Orchard Park, New York, Joe Montana threw a short touchdown pass to Roger Craig and Ray Wersching kicked three field goals as San Francisco shut down Buffalo 23-10. The 49ers (9-6) remain alive in the tie race in the National Conference West. The loss dropped the Bills to 8-7.

Buffalo was leading 10-6 when Rob Riddick fumbled the second-half kickoff at the Bill 41. Seven plays later, Montana threw a 4-yard TD pass to Craig, who went in untouched. On its next possession, San Francisco went 50 yards and scored a 1-yard run by Wendell Tyler. Wersching added a 30-yard field goal at 8:30 of the fourth quarter.

Dolphins 31, Falcons 24

In Miami, backup quarterback Don Strock completed his first 11 passes, two of them for touchdowns, to lead the Dolphins to a 31-24 victory over Atlanta on Saturday and a home-field advantage in the opening round of the playoffs.

Strock was making his first start since 1981 and, except for replacing injured quarterback Dan Marino in the first quarter, the Bearcats came with 37 seconds left in the half, when quarterback Jim McMahon found tight end Emery Moorehead wide open on a 2-yard TD toss.

Steelers 17, Giants 12

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